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ABSTRACT

The transcripts of testimony given before the Senate Committee on Aging by representatives of numerous national organizations for older adults, such as the National Council on Aging and the National Gray Panthers, are provided. Issues reviewed in these statements address the following areas of concern: minority group needs, retirement planning, work and retirement attitudes, societal attitudes toward older workers, income sources, employment benefits, Social Security, and lifelong learning. The appendices contain items submitted by the national organizations dealing with the elimination of mandatory retirement and Social Security problems, as well as newspaper articles dealing with longevity, population trends, and early retirement. (HLM)

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RETIREMENT, WORK, AND LIFELONG LEARNING

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

NINETY-FIFTH CONGRESS

SECOND SESSION

PART 4—WASHINGTON, D.C.
National Organizations

SEPTEMBER 8, 1978

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Retirement, Work, and Lifelong Learning:
Part 1. Washington, D.C., July 17, 1978.
Part 2. Washington, D.C., July 18, 1978.
Part 3. Washington, D.C., July 19, 1978.
Part 4, Washington, D.C., September 8, 1978.

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RETIREMENT, WORK, AND LIFELONG LEARNING

FRIDAY, SEPTEMBER 8, 1978

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 5110, Dirksen Senate Office Building, Hon. Frank Church (chairman) presiding.

Present: Senator Church.

Also present: William E. Oriol, staff director; David A. Affeldt, chief counsel; Garry V. Wenske, assistant counsel for operations; Letitia Chambers, minority staff director; David A. Rust and Jeffrey R. Lewis, minority professional staff members; Marjorie J. Finney, operations assistant; Kaye English, information assistant; and Eugene R. Cummings, printing assistant.

OPENING STATEMENT BY SENATOR FRANK CHURCH, CHAIRMAN

Senator CHURCH. The hearing will please come to order.

Our hearing today has an unusual format because our committee has an unusual subject, or group of subjects, before it.

We began to look into "Retirement, Work, and Lifelong Learning" in July, with 3 days of hearings at which two Cabinet members and other notable witnesses testified.

As I explained at that time, one of our purposes was to make the point that each of our three major themes is receiving growing attention, but usually on an individual basis.

We hear a great deal, for example, about pension problems, but very little is done in the way of relating them to work force issues.

Another example: This committee has given a great deal of attention over the years to older worker problems of various kinds, and we have been concerned about educational opportunity throughout the lifespan during the later years. But we haven't usually thought of these subjects together, and we should.

At our hearings in July we heard several recurring themes:

That we are ill-prepared, in terms of public policy and private sector response, for the vast changes that can be expected with the increase in the proportions of older persons in our population along with a decrease in the percentage of younger persons within traditional labor force limits.

That we have no real national retirement policy; we have many resources of income for life in the later years, but none—including social security—generally does the entire job. We have to think more clearly about the appropriate "mix" of social security and other sources of retirement income.

That we fail to fully recognize the economic and social consequences of earlier and earlier retirement, now and even more so in the future.

That the forthcoming total abolition of mandatory retirement will cause stubborn work-related questions— such as retraining to combat job skill obsolescence—to emerge with new clarity and urgency.

And that, finally, the challenges ahead, while at times boggling, are nevertheless rich in promise of success, if we keep our heads and if we also challenge past habits of thought and action.

I have several articles which discuss these and other points made at our earlier hearing and these articles will be inserted at an appropriate place in this hearing.[1]

To follow up on our 3 days of theme-setting hearings, we asked representatives of national organizations directly related to aging to be here with us today.

We asked them to comment on past testimony and give new ideas and suggestions. Their statements, presented in advance of this hearing, are rich in information, concern, and I myself assure you all that the committee intends to give them careful consideration. The staff will analyze these statements and the committee will address itself to them as we look for answers to the various questions I have raised.

These statements agree as to the magnitude of the many tasks to be done as our population continues to "age."

They are particularly helpful in providing examples of positive actions and attitudes which are already challenging older patterns.

Minority Group Concerns

Minority group members, so many of whom do not live to traditional retirement age, receive special attention, and deservedly so. No discussion of the issues before this committee would be complete without such attention, at this hearing and in our future sessions and studies.

Fresh thinking abounds in the papers we have received, and each will become part of our hearing record. I would like to thank each organization for once again making a substantial contribution to this committee's work.

To make the most of what we have already received, and to further tap the sources of such help, we will go directly into roundtable discussion this morning with questions prompted by the material which we have received. Our witnesses understand our format and the reasons for it and, I believe, have expressed enthusiasm for this sort of brainstorming approach.

I'll begin by asking a general question or two and I will follow up with other questions, but I would hope that in the morning's discussion we could have a good deal of give and take, and statements made by the panelists would provoke questions from other panelists so that this becomes a real panel discussion rather than an interrogation by the chairman of the committee.

What impact, if any, will the change in the mandatory retirement age from 65 to 70 for most workers in the private sector have on their retirement decisions? Do you believe that this legislation enacted by the Congress during the present session will have the effect of reversing the present trend toward earlier and earlier retirement?

[1] See appendix 2, page 360.

I would also like to raise one further question which is connected with my general question. How do you explain the seemingly contradictory trends which are now occurring—people are living longer, yet they are retiring earlier?

Those two questions ought to suffice for starters and we will proceed from there.

Those participating this morning are:

Robert J. Ahrens, board member, National Council on the Aging; and director, Chicago Mayor's Office for Senior Citizens and Handicapped.

Anne E. Blakeley, liaison assistant, National Indian Council on Aging.

Cyril F. Brickfield, executive director, National Retired Teachers Association/American Association of Retired Persons: accompanied by Jim Hacking, legislative representative.

Rudolph T. Danstedt, assistant to the President, National Council of Senior Citizens; accompanied by Betty Duskin and Lou Ravin.

Dolores Davis, executive director, National Caucus on the Black Aged, Inc.

Dr. Bernard I. Forman, Washington, D.C., representative for the Gray Panthers.

Ed Kaskowitz, executive director, Gerongological Society.

Carmela G. Lacayo, executive director, Asociacion Nacional Pro Personas Mayores.

Charles L. Merin, legislative representative, National Association of Retired Federal Employees.

Dr. Mildred Seltzer, president-elect, Association for Gerontology in Higher Education.

Before we begin our roundtable discussion, I will ask that each organization represented here to give their prepared statements.

STATEMENT OF ROBERT J. AHRENS, BOARD MEMBER, NATIONAL COUNCIL ON THE AGING, INC., AND DIRECTOR, MAYOR'S OFFICE FOR SENIOR CITIZENS AND HANDICAPPED, CHICAGO, ILL.

Mr. AHRENS. The National Council on the Aging—NCOA—is a private nonprofit organization which provides leadership and guidance in the development of services for older persons in numerous communities across the country. For 28 years, NCOA has been a resource at national, State, and local levels for planning, information and service to those areas affecting older citizens. Through its various programs it reaches one of the largest networks of practitioners in aging outside of the Federal system of State and area agencies on aging. Its membership consists of individuals and organizations throughout the country who serve the elderly.

The largest division within NCOA is the Institute for Age, Work and Retirement. It provides particular services, technical assistance and training to and for business, labor, public and private agencies, Government and universities on the problems and potential of working Americans aged 40 and over. Within the Institute of Age, Work and Retirement there are four main units.

The Senior Community Service Project—SCSP

The largest program, SCSP, was initiated in 1968 as a part-time employment program for economically disadvantaged older people. It has since been expanded several times under title IX of the Older Americans Act. SCSP has given hope to thousands of low-income individuals aged 55 and over who need to supplement an inadequate retirement income. More than 4,000 older men and women are employed by public and private nonprofit agencies in 50 NCOA participating communities.

Through the development of challenging and innovative jobs, SCSP has prepared the way for many older people to reenter the mainstream of the work force. In the first half of 1978, 31 percent of those who terminated from the program obtained unsubsidized employment. SCSP promotes self-help, not dependency.

Another smaller NCOA program similar to SCSP is ESTEEM—expanded services through experienced elderly manpower. In 1976, it was funded by title X of the Economic Development Act to promote job opportunities for older workers trapped in areas with consistently high unemployment. NCOA has continued to operate the program in five States for 300 to 400 older workers. Funding now comes from title III of CETA, but is in danger of being terminated at the end of this quarter, despite ESTEEM's financial benefits to enrollees and its benefit to deprived communities.

The Retirement Planning Program

NCOA, in cooperation with a consortium of nine major corporations and four large unions, initiated the retirement planning project to address the need for effective early retirement planning. The program is developing a comprehensive, innovative approach to encourage and assist employees and their spouses to anticipate and plan for retirement. Consortium members are actively participating in the design, development, and testing of multimedia interactive training modules.

The NCOA industry consortium development program, with its stress on current research, the pooled experience of consortium members and systematic development, seeks to help meet a growing need and to package a new, improved approach to preparing employees for retirement. The training package will be offered to industry, labor, colleges, and community agencies to serve a cross-section of working men and working women as they approach retirement.

Aging and Work, a Journal on Age, and Retirement (Formerly Industrial Gerontology)

As part of its efforts to promote a better understanding of the potential contributions of the middle-aged and older worker, the Institute on Age, Work and Retirement publishes a unique quarterly journal, Aging and Work. During the past 10 years it has examined issues of work, income, age, and covered a wide range of topics: age discrimination in employment, job performance, satisfaction and motivation, pensions, retirement, second careers, women in the work force, etc. Outstanding authorities on those subjects in industry, Government, and the academic community are contributors. The

U.S. Department of Labor recognizes the value and usefulness of Aging and Work. It is a major subscriber, distributing copies to its offices throughout the country, to CETA prime sponsors and title IX programs.

National Association of Older Worker Employment Services

Recognizing the need for specialized employment services and opportunities for older workers, NCOA has pioneered an effort to bring both the public and private agencies serving the 40-plus worker together in a national coordinating effort: The National Association of Older Worker Employment Services. This new NCOA affiliate has several goals:

To draw interested older employment service agencies into the larger network of services for older people.

To gather materials from member agencies, both public and private, which will be of value to other members in initiating or conducting their programs.

To provide backup information and support for newly constituted older worker agencies in establishing broad programs to serve the older worker.

To approach large employers, on a national scale, regarding the utilization of older workers and to seek their support for more flexible employment and retirement practices.

The National Council on the Aging is pleased to be among the participants in this forum to review the role of older workers in a changing, "graying" society. The statistics and demographic predictions set forth by Secretaries Califano and Marshall and by the distinguished experts who preceded NCOA's appearance confirm our belief that society's attitudes toward older workers must change radically if we are to be prepared for the future.

Foreseeable Trends

To review briefly and pessimistically, we may expect within a few decades:

A rapidly increasing older population, expected to constitute about 15 percent of the total U.S. population in the year 2020.

Unless declining labor force participation rates are reversed, an older population more and more dependent on social security, private pensions, or welfare supplements to survive.

A dangerously skewed ratio between the working and retired population which could threaten the stability of social security and other retirement assistance programs which are supported by employee tax revenues.

A fragile public and private pension system which, judging from the current degree of unfunded pension liabilities, may collapse under the pressures of a large retirement population.

We do not state these possibilities in such alarming terms just to despair over the future. We agree with Secretary Marshall that the societal pressures which these factors could trigger would, indeed, reverse our attitudes toward older workers. Within 50 years, it is projected that there will be fewer than two workers for each social

security recipient. The young then may want to push retirees back to work so that the elderly will be paying into the various retirement systems rather than drawing money out. Society could again force itself between the older person and self-determination—this time to punish the older person for retiring rather than forcing retirement upon him. However, we could avoid such overreactions by acting now to encourage older workers to remain in or return to the labor force.

Focusing on future probabilities helps to define certain problems, but it too often misleads us into waiting for the future to solve itself. We do not have to wait until the turn of the century to see the toll of our "having been so profligate with the talents of older workers," as Senator Church so aptly put it. The consequences of early retirement—whether voluntary or forced by age bias—are with us now.

The economic effects of early retirement can be devastating. The majority of persons who leave the labor force prior to age 65 have no private pensions to protect their future financial security. Of men retiring in the first half of 1975, half had no private pensions. Early retirement—before age 65—requires older persons to apply for social security benefits at reduced levels. The ensuing consequence is actuarially reduced benefits throughout the remainder of one's life. Yet, in 1970, more than two-thirds of women workers and over half of men claimed reduced benefits.

It is true that many workers look forward to retirement and appreciate company policies that allow early retirement at minimally reduced pension benefit levels. But, it is not true that all older workers enjoy being "put out to pasture," nor should they. Consider the fact that, on the average in 1974, a man reaching his 65th birthday could expect to live 13.4 years longer; a woman, 17.5 years. Over the years, those who retired on seemingly adequate pension and social security benefits will see their purchasing power diminish as the cost of living climbs. Congress wisely tried to compensate for this income erosion by enacting automatic cost-of-living increases in social security benefits, but not all retirees could be protected from poverty. As this committee has noted, in 1975, approximately 3.3 million elderly lived in poverty; many of them impoverished for the first time because of the dramatic one-half to two-thirds reduction in income caused by retirement.

Attitudes Toward Work

Results from the 1974 NCOA/Louis Harris survey of public attitudes toward aging document the older population's desire and economic need to work:

Of the respondents aged 55 to 64, 14 percent of the females and 5 percent of the males considered themselves unemployed. Yet, comparable Government figures for the 55-to-64 group in this same period were reported as only 3 percent for females and slightly over 2 percent for males;

Four million survey respondents over 65 who were unemployed or retired wanted to work; 43 percent of those over 65 with incomes below $3,000 who were not working desired jobs;

Fifty percent of black respondents over 65 who were unemployed wanted to work; older black respondents were most likely to be poor

and to need work: 57 percent had incomes below $3,000 a year compared to only 23 percent of older white respondents; and

Tragically, there was a larger proportion of forced retirements among respondents with low incomes and with less than high school educations—those least likely to have adequate retirement benefits and least likely to be rehired.

Those who are forced to retire early often do so under the worst of circumstances. Work-related problems often become more severe for older adults because of the age discrimination inherent in American society. The recent economic recession severely affected the employment status of older workers; the unemployment rate for those over 55 more than doubled during 1974 and has only very slowly begun to decrease. Once out of a job, the older worker traditionally has a more difficult time finding a new one. Too often, he is forced into early retirement after months and sometimes years of job searching.

This situation is not revealed in the official unemployment statistics which record only those actively seeking work during a certain period. NCOA has stressed a number of times that these figures do not include thousands of "discouraged" workers who give up on finding work, remain unemployed, but are considered to be outside the labor force. It is older workers who are most likely to be hidden in this group. During the first quarter of 1978, for example, workers aged 55 and above constituted 14.7 percent of the civilian labor force and 15.2 percent of the employed, but 32.5 percent of the total number who were classified as discouraged.

The statistics regarding duration of unemployment also support the contention that older workers are likely to become "discouraged workers" once unemployed. The two are interrelated: The long duration of unemployment for the older worker can lead directly to the "discouraged" status. The average mean duration of unemployment in 1977 increased with age: For those aged 16 to 19, it was 8.9 weeks; those 25 to 34, 15.3 weeks; those 45 to 54, 19.3 weeks; those 65 and older, 22.6 weeks.

It is important here to note that in a recent study of the supplemental Federal unemployment insurance benefits, most of the people who had used their maximum benefits and who subsequently dropped out of the labor force were 45 years and over—70 percent were age 45 and over, and 45 percent were 55 and over. It appears from this study that the older the individual, the greater the chance that he/she will have used all entitled employment insurance and still be unemployed or out of the labor force once all benefits have expired. This increases the pressures for many older jobseekers to elect pension and social security benefits prematurely, at reduced levels. Furthermore, the prolonged periods of unemployment which precede this forced early retirement can easily result in the depletion of any accumulated savings.

Regrets About Retirement

Even when early retirement is voluntary, brought on as a result of liberal pension plans, more and more retirees may regret their decision. The overwhelming majority of private pension plans pay fixed retirement benefits, with no provision for adjustment due to inflation.

If inflation averages 7 percent a year, the purchasing power of fixed pensions will be reduced by 50 percent in 10 years. For example, a fixed retirement income of $200 a month will be worth about $100 a month in 10 years and about $50 a month in 20 years if inflation is 7 percent a year.

Employees typically are not informed about the impact that inflation will have on the purchasing power of their private pensions. A pension that seems adequate at the time of retirement may become inadequate as time passes, requiring an ever-increasing downward adjustment in living levels as one grows older. The severity of the impact of inflation is not fully realized until many options for generating supplemental retirement income no longer exist.

Additional evidence to suggest that more workers are not aware of or prepared for the consequences of retirement comes from a recent—1978—survey conducted by NCOA's retirement planning consortium. The survey, based on employees aged 40 and over in nine corporations, was designed to determine what financial and other preparation these workers had made for their retirement. The 458 respondents in the initial sample were relatively well educated—91 percent completed high school; 46 percent had some schooling beyond that—and could expect above-average pensions—the companies have progressive benefit plans and the employee's average tenure with their companies was 15 years.

Yet even this relatively advantaged older group was admittedly unprepared for retirement and had ambiguous or uneasy feelings about it. Sixty-one percent had no plans for retirement, 29 percent had tentative plans, and only 10 percent had any definite plans.

When asked what problems they felt they were most likely to encounter when retired, about 7 in 10 answered problems in maintaining their standard of living. Because the employees sampled are in excellent pension programs, their broad concern with maintaining a standard of living probably reflects an uneasiness due to an inflationary economy and a growing general awareness of the financial straits many retired people are in today. It may also be another sign that early retirement will grow increasingly unpopular in the face of rising inflation.

Retaining Older Workers

Given that pressures for greater employment opportunities for middle-aged and older workers exist now and are likely to increase, but how should public and private employers react? NCOA hopes they will agree with this committee that some challenge must be made to the current trend to earlier and earlier retirement. NCOA would like to offer some positive answers to Senator Church's question: "What more should the United States be doing to promote retention of older persons in the labor force—as a matter of their own choice—instead of retiring them, often without choice?"

Private Incentives to Encourage Older Workers

Mandatory retirement remains one of the most serious barriers to full employment opportunities for middle-aged and older workers, as Congress recognized by enacting the Age Discrimination in Employ-

ment Act Amendments of 1978. As the NCOA/Harris survey concluded:

> The apparent problem for many older Americans is not that they themselves feel that they are too old or too sick to work, but rather that they have been told they are. With frequent discouragement from working, disinterest in employment may well have become a learned response for many older people who might otherwise prefer to work. In short, with over 4 million older unemployed or retired individuals who want to work, there exists among the retired and unemployed public 65 and over an untapped source of manpower.

There are already numerous and diverse examples of private and public employers who have ended mandatory retirement; among them are Tektronix, Inc., United States Steel, Hamrick Mills, Gold Kist Agricultural Cooperative, Paddock Publications, Steinway & Sons, the city of Chicago, the State civil service in Maine, Bankers Life & Casualty Co., and most public and private employers in the State of California, which abolished mandatory retirement.

Bankers Life has been without a compulsory retirement policy for more than 40 years, and reports that its experience has been "consistently favorable throughout a variety of economic cycles and stages of company growth." Older worker participation, spurred by positive hiring practices as well as the absence of mandatory retirement, has remained steady: Employees over age 50 were 24 percent of the total in 1954, 25 percent in 1977; those over age 60, 8 percent in both years. As for the fear that older workers block lives of progression, a Bankers Life spokesman says: "Company growth, organizational structure changes, job posting programs, employee counseling programs, and training programs have all worked to assure that paths of advancement are not blocked by older workers."

Not only have some employers found advantages such as increased dependability in retaining older employees, many companies have taken advantage of rejected skills by hiring retirees almost exclusively. Yet many employers argue that an end to mandatory retirement would lead to a work force filled with workers who have become incompetent but who cannot be fired or moved to other positions. They ignore the advances made in the development of measures of functional ability.

NCOA can testify that accurate measures of functional capacity do exist and have been used successfully. From 1970 to 1975, the council administered a demonstration program in Portland, Maine, that tested a method for measuring physical capacity, called GULHEMP, an acronym for the seven functional areas rated in using this system. They are as follows: General physique, upper extremities, lower extremities, hearing, eyesight, mentality, and personality. Jobs were evaluated according to the minimum requirements under each category. Worker fitness and job profiles were then matched, and the older worker was placed in a job best suited for his or her skills. Over 4,000 individuals were screened by this system for jobs in 150 companies in the Greater Portland area.

Not one of the employees who were employed after being matched for a specific job was involved in an industrial accident or a workman's compensation case. Studies show that absenteeism and costs decreased considerably because of this technique. The fact that workers would find such a screening system acceptable can be surmised from the Portland project's data which showed that the majority of prospective

employees, no matter what their ages, looked for jobs they were functionally capable of performing. It is logical to expect employers to benefit even more than workers from a program that so accurately matches the best qualified worker with each job.

The GULHEMP system has also been used most successfully by an aircraft manufacturing company in Canada for over 20 years. The system has been so effective in determining an individual's capacity to safely perform a job that the Workmens Compensation Board of Ontario now requires all injured employees returning to work from WCB treatment have a GULHEMP profile completed before returning to work. We are pleased that this system is now gaining more acceptance by government and other employers, but we believe that its most effective use is as a preventive tool and one that is used prior to employment and throughout the working career rather than simply as a device for determining functional capacity after accidents occur.

One prominent American company that substitutes functional capacity tests for arbitrary retirement is United States Steel. Approximately 153,000 workers are affected by the company's non-age-related retirement policy which requires employees to pass annual physical examinations closely related to their jobs. Often when a worker seems to be falling short on one job, management joins with the local union to find another, more suitable job.

Tests of functional capacity offer several alternatives to mandatory retirement. They can be used periodically to assess on-the-job performance on an individual basis, thus eliminating one rationale for retirement based solely on age. When a worker begins to falter in one job, such tests can be used to find other suitable positions within the same plant or office. Having objective data with which to assess his or her own performance, a worker can take greater pride in his work and, ultimately, can better determine when retirement or a change in jobs is necessary. At the same time, functional testing allows employers to offer second-career opportunities with confidence to older applicants, knowing that each tested worker has a high physical probability of success on the job.

Flexible Work Arrangements

At the very least, employers should consider systems or phased-in retirement, whereby workers might be encouraged to shift to part-time jobs before entering full retirement. Two workers may be able to share a full-time job where part-time work does not contribute to management's goals. Another suggestion would be to use retired employees as a company's temporary work pool instead of relying on inexperienced outsiders. This gradual schedule of retirement allows the worker to adjust to a smaller income and to enforced leisure. While the workers benefit, management is still able to draw upon skills learned only through years of experience.

In many cases, the employee may prefer to reduce his or her work hours. Though the NCOA/Harris national opinion survey revealed several million "retired" or unemployed older people who wanted to work, Harris made no attempt to determine whether these respondents preferred full or part-time work. However, the fact that a majority of respondents 55 and older said that "money" was the thing they would

miss most after retirement may mean that part-time work opportunities—which would not jeopardize social security benefit levels by producing income above the earned income ceiling—would be preferable for many. The great majority of current workers 65 and older are employed only on a part-time basis.

The permanent part-time work force of America is now the fastest growing segment of the employed. It has increased in the past 15 years by 40 to 50 percent. The concept of part-time employment, which includes work-sharing, has largely been avoided in the general economy because the American system of unemployment insurance excludes those persons from their benefits and because work-sharing is thought to increase employers' cost. However, in the older worker category, work-sharing can become an important alternative to retirement by providing additional income and utilizing talents and skills developed which would be of disservice to the entire society if placed on the shelf.

Models of flexible work schedules exist in a variety of organizations:

The United Bank of Illinois solved a problem of younger work dissatisfaction and high error rates in its check-filing and records department by hiring a three-person unit of retirees. The older employees paid greater attention to detail and were considerably more reliable. The error rate continues to be zero. This successful program relies on both a part-time and flexible work schedule. Since the bank statements are sent out to customers in cycles throughout the month, the unit's workflow varies from periods of peak activity to little activity. Thus, one of the older workers may put in a full work day and only an hour or two the next, or she may work 2 or 3 full days one week and none the next. The work schedule of this older workers' section is extremely flexible, which seems to work well for everyone concerned. The bank's only requirement is that the work get out on time. Part-time work allows the workers to supplement their retirement income and, ironically, does not conflict with the bank's mandatory retirement policy.

According to the directors of older worker employment agencies, a great many of the older persons seeking their service desire only part-time work to augment their social security income, to "keep busy" or to provide some worthwhile contribution to their community. In-home social services where, up to this point, there has been a dearth of manpower, is in an area where these desires can be met. Quite often people released from hospital care do not need a full-time nurse, but do require a drop-in visitor/companion on several days per week. The older worker can be instrumental in seeing that meals are provided, transportation is arranged, necessary housekeeping chores are accomplished and financial matters are taken care of. Often the service in these instances consists of talking, walking, reading, or playing chess. Home services could even consist of minor electrical or plumbing repairs—not extensive enough to require licensured help—or yard work and maintenance. Some agencies place older workers to provide personal care services, supervised by medical personnel. The potential for providing such services to meet the needs of the frail elderly are extensive.

According to a recent report prepared for the Department of Commerce, job-sharing plans are promoted as regular company policy by the Minnesota Abstract and Title Co. for employees who have retired from the regular work force, but who wish to continue to work steadily

at a reduced pace. Certain white collar jobs are filled by pairs of older workers. Each person in the "pair" works full time for a month, then is off for a month while the partner assumes the position. Often flexible hours can be promoted within these jobs, also.

Northrup Manufacturers (California) promotes optimum part-time and job-sharing opportunities for its older workers. Since most of their workers are craftsmen in the aircraft industry, their skills never become obsolete. Retiring workers can continue to work on a part-time basis, especially where there is a lack of availability of younger workers for a particular function. Upon retirement, workers may agree to become part of the "on-call work force." They then may be requested to fill temporary assignments, anywhere in the world, on projects lasting from weeks to several months in duration.

"The Golden Bridge"

Perhaps the most innovative program to bridge the gap from full-time employment to retirement has been undertaken by the Teledyne Continental Motors Co., whose employees are members of the United Auto Workers. Employees are automatically eligible for a program called "The Golden Bridge" if they are 58 years of age or over and have had 30 or more years of credited service with the company. This plan was created in 1977 to reward the worker who stayed beyond the normal retirement age with such benefits as extra vacation, pension payments, and insurance benefits. It is a labor-management cooperative effort designed to "halt the flow of talent out the door and to help the worker who was not quite ready for full retirement." It is in its pilot phases, among other locations, at the Wisconsin Motor Co. (Milwaukee), a firm which makes small gas and diesel engines.

Upon qualifying for the plan, the worker begins to build on the vacation benefits already provided by Wisconsin Motor. Instead of receiving the traditional 5 weeks vacation after 25 years of employment, he receives 4 additional weeks per year in the period from age 58 to 62. From the age of 62 to 68 he receives an additional 2 weeks' vacation, a total of 11 weeks per year in all. The extra vacation benefits can be taken in various ways: (1) Paid time off—throughout the span of employment, (2) a lump sum payment at the end of each year of service, (3) a lump sum payment at the time of retirement—a possible tax advantage, (4) a combination of any of the aforementioned possibilities, or (5) monthly installments at the time of retirement—up to 12 installments total.

In addition to this, life insurance survivors benefits is increased by an additional $1,000 per year and an additional 5 percent spouse's survivor benefit is added. The basic pension benefits of the employee are also increased by one-third each year that the employee remains with the company. In 1977, the plan affected 80 of the Wisconsin Motor Co. employees, but it is expected that several hundred will become eligible over the next few years.

A change in midlife—or in later years—from one job pursuit to a different field should not be considered unusual in our rapidly changing society. For some workers, because of technological displacement or involuntary early retirement, a second career is a necessity. NCOA has long advocated the need for career-oriented educational and train-

ing programs aimed not at the beginning worker, but at those who must transfer from one career track to another.

Findings from the NCOA/Harris study indicate that there are millions of Americans, young and old, who are interested in such programs. Respondents in that study were asked how interested they would personally be in learning some new skills or participating in a job training program so that they could take on a different kind of job from what they were used to doing. Thirty-six percent of those over 40 and 15 percent over 65 responded positively. Thus, over 3 million persons over 65 would be interested in some kind of second career training if such programs were available to them.

An employment program such as the Erie Guild (Erie, Pa.) combines the flexibility of part-time employment with a new career thrust for skilled retired workers. In this program, begun in 1971, highly skilled sheet metal workers, drill press operators, and welders were put to work tutoring, on a one-to-one basis, unemployed and unskilled workers to fill the type job that the retiree once held. An agreement was reached with union leaders whereby trainees—who are paid under CETA—reaching production level would be hired, but not automatically at the level of skill for which they had been trained. After a short period of time, they become members of the union.

7,000 Persons Retrained

The Committee for Economic Development reports that IBM combines two very effective methods that can benefit middle-aged and older workers. Since 1970, IBM has retrained over 7,000 of its employees and relocated about 11,000. The company also makes it a practice to move work to facilities that have surplus people—a practice which has resulted in no employee losing any time through involuntary layoffs during the past 35 years, despite recession and major product shifts. Also, the company makes education grants of $500 per year over 5 years to any preretiree or retiree who wishes to develop a second career or retirement interest.

Older worker employment services represent some of the more positive new solutions to the employment problems of many older workers. Many of the member organizations in the National Association of Older Worker Employment Services exist as entities of other aging services—such as State and area agencies on aging. Others have had long experience in the field of older worker employment and are established as distinct, separate employment agencies geared to securing and maintaining part- and full-time employment for persons who have been either forced out of the mainstream by mandatory retirement or those who, because of health and social conditions, need to reenter the job market at a different level. Some of these programs have unique titles, conveying the renewed spirit and value of the older worker, both to our economy and to the person's self image.

Project EARN, St. Louis, Mo., according to its director, Harry Kaufer, was so named because of the emphasis on the older worker's need to acquire the necessary funds for both financial and psychological survival. Project ABLE, Chicago, Ill., means ability based on long experience, and is viewed as a service that is part and parcel of the lifelong learning continuum—putting acquired knowledge and skill based

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on a lifetime of experience to use. Project GROW, Rochester, N.Y., refers to gaining resources through the older worker. In this case, the community gains multiple services to its senior population, particularly in the home care delivery area, through employing its older citizens.

What is the success rate for older worker employment services—those geared mainly at finding productive jobs for those workers over age 50, or those suffering from some kind of physical handicap? Program operators report a broad experience, based on their locale and the personnel involved in the job development process within the local community. All agree that the process of assessing, situating, and providing "recycled experiences" of older workers is a highly individualized operation. Programs such as Project EARN and Project GROW, as well as Senior Jobs, Inc., of Buffalo, N.Y.—sponsored by the AFL–CIO, and funded primarily by Older Americans Act and Comprehensive Employment and Training Act moneys—report a phenomenal success rate with placement in the private sector.

Buffalo says that the approximately 1,000 clients served in a year, 98 percent of these go directly into private sector employment. Some positions filled are in telephone sales/credit collection, recreation in hospitals and nursing homes, restaurant work, and community college teaching/training. A retail clothing firm and the local florists have been an excellent source of private sector employment in that community.

Project GROW says that of approximately 700 persons interviewed in a year, 60 percent are placed directly into paid employment without an extensive training or preparation period. Employers in the area are particularly willing to use the older worker in temporary or permanent part-time occupations, often to replace office and clerical assistance on a seasonal basis. The project director reports that they often have more job listings than they can fill—particularly in the accounting and bookkeeping areas.

At Project EARN, which operates on the premise that there is "a job out there for every person who wants one," particular success is reported in filling the employment requests of department stores—in all clerical/accounting/sales capacities—and the local hospitals. All of the directors acknowledge the painstaking skill and patience required to unearth employment possibilities for their older workers—often a task requiring that they bring to employers' attention the need for a new position or classification that the employer had not yet thought of. As one director puts it, "it is the simple things that everybody knows about where us positive thinkers can find positions for our older workers."

Often, job searches alone will not succeed, but many agencies offer employment assistance will also provide training. The Coordinating Council of Senior Citizens, Durham, N.C., has found that training program to upgrade the skills of older workers in personal care programs help older workers to capitalize on their positive attributes—stability, reliability, accuracy and a large fund of knowledge. At the present time, there is not much competition from the younger worker segment to meet the demands of the sick elderly person in his own home, and is the type of service that can be provided by a series of older workers, none of whom must assume the entire responsibility of a program of care required by the frail elderly.

Grassroots Counseling

A very special kind of employment counseling and training service which developed at the grassroots level and may soon receive more adequate public support in the displaced homemaker center. The Director of the Women's Bureau of the Labor Department, Alexis M. Herman, estimates that 60 to 65 percent of women who hold jobs do so for purely economic reasons, and that many of them must work because they are the only source of economic support for themselves and their families. This is especially true in the case of the "displaced homemaker," a term used to describe the woman who in her middle or aging years, after coming from a lifetime of volunteer work, part-time employment or full-time work as a homemaker and mother is forcibly exiled, through no fault of her own, from the mainstream of society. Rising divorce rates, age and sex discrimination in employment, job training programs targeted at younger workers, lack of social security coverage for workers under 60, and lack of widows' benefits in private pension plan coverage have contributed to this unique problem. Almost universally, this group has had no previous job skill training, has been employed only on a sporadic bassis at best and even has difficulty recognizing that basic skills developed as a homemaker have any applicability to the "outside" working world.

Enabling State legislation has brought into place the Maryland Center for Displaced Homemakers, located in Baltimore. It is one of several programs throughout the United States, established under various public and private auspices, designed to enable the middle-aged and older female to reenter, or enter for the first time, the competitive job market.

Following a job-readiness and counseling period, women can be placed in a range of private and public sector employment. Many of them fill the needs of the aging network in nutrition, outreach, transportation, home repair, health related and legal services, and general welfare counseling programs. And, the program goes further than community service employment. A voucher system to cover tuition, books and supplies has been entered into with a local community or vocational school to encourage further education and training in a desired field. Medical technology is a favored area.

This same voucher plan—to pay for incidental expenses—has enabled a group of "displaced homemakers" to start up their own small business. An operation called "Independent Cleaning Contractors" provides household maintenance for private homes in the Baltimore area. Three months after beginning this service, individuals were averaging $120–$480 weekly income.

On a broader level, the Maryland Center for Displaced Homemakers works extensively with local government and private industry in the area of integrating women into the work world, including such nontraditional jobs as linespersons with the Maryland Gas and Electric Co. The center arranges workshops for industry on how to recruit, screen and provide career mobility for the female worker. "Displaced homemakers" themselves will conduct minicourses with various community groups, businesses and industries around a manual developed on sex bias in the employment world. Such activities are aimed at

increasing opportunities for all women, especially those with a lack of more traditional education and training such as those in mid or later life.

Public Incentives to Encourage Older Workers

NCOA's experience with title IX clearly confirms that older people have much to offer in terms of public service employment and that such work provides them with needed income and personal satisfaction. The need for employment among older workers is great and continues to grow; yet there has been little governmental response to this need with the exception of the SCSP and four similar national programs administered by other organizations. In fiscal year 1978, for example, the appropriation for title IX programs will provide federally subsidized jobs for approximately 47,500 older persons. However, these jobs will provide employment opportunities to less than 1 percent of the 5.4 million older Americans eligible by age and income for enrollment in the program. Most of these could and would work if given an opportunity.

Our experience with the program convinces us that title IX is the only Federal employment assistance program that benefits the older worker. Because of its importance in promoting economic independence and self-esteem, title IX should be continued at an increased appropriation level. Nevertheless, title IX should be just one aspect of a much broader range of public employment services available to older workers. While its value in providing part-time work experience and retraining should not be underestimated, by itself, title IX's ability to affect the severe employment problems faced by older people is limited. Few of these people are interested in receiving a handout. They simply want an opportunity to work, remain independent, and earn their keep; but they cannot depend on the private sector to provide them with that opportunity. Nor can they expect much assistance from the Federal employment and training programs supposedly designed to meet these needs.

An NCOA analysis of 1973 and 1974 data from the Employment Security Automated Reporting System shows that the U.S. Employment Service consistently provided less service to older job seekers. Presumably, older people were considered less likely to be employable. Yet, when referred for a job, the older worker is just as likely to be hired as his younger counterpart. Recent data show this pattern is still likely to be true. In fiscal year 1976, 6 percent of new or renewing Employment Service applicants were 55 or older but only 3.9 percent of those referred to jobs were over 55.

Older workers have also been all but ignored in Federal employment and training programs under the Comprehensive Employment and Training Act—CETA. In fiscal year 1977, persons aged 55 and over were 3.3 percent of service recipients under CETA title I—training—and 5.8 percent and 5.6 percent of recipients under titles II and VI—public service employment. On the average, less than 5 percent of those served by CETA have been older workers. This figure has not changed since the original categorical "manpower" programs of 1965. And, despite the fact that CETA title III specifically designates older workers as a target group, they have not benefited in any significant way under this title.

These statistics and the findings of the U.S. Civil Rights Commission study of age discrimination in federally funded programs demonstrate that older workers seeking public service employment are not proportionately represented in the Federal employment and training programs authorized under CETA. Moreover, these figures confirm that the major Federal employment and training programs do not address the special needs of older workers.

RECOMMENDATIONS

Clearly there needs to be a stronger Federal commitment to promoting employment opportunities for middle-aged and older workers. NCOA is encouraged by some recent congressional initiatives, such as:

Inclusion of older workers as a target population in the Humphrey-Hawkins full employment bill.

Recent amendments to the ADEA which eliminated mandatory retirement for Federal employees and increased the protected age to 70 for non-Federal employees.

Proposed increased authorizations for the title IX senior community service employment program and a new emphasis on the development of more flexible work arrangements.

Emerging legislation to encourage more part-time and shared-job job opportunities.

The special emphasis in the Senate's CETA legislation on training and work experiences for older workers; the greater emphasis on equitable service to targeted groups; and, in both bills, a new, albeit small, program for occupational upgrading and retraining; and

Amendments to strengthen the Age Discrimination Act of 1975 to more forcibly prohibit age bias in programs such as CETA and vocational rehabilitation.

In addition to supporting these efforts, NCOA urges this Congress to consider further amendments to the ADEA to remove the upper age limit of 70 and to remove all exceptions to the 1978 amendments. We hope Congress, through this committee and others, will monitor closely the effects of the transfer of ADEA enforcement authority to the Equal Employment Opportunity Commission, and be willing to increase the size, training, and qualifications of ADEA enforcement staff, regardless of location.

There are executive responsibilities which the Department of Labor should assume to assist middle-aged and older workers:

DOL should undertake a comprehensive review of recent research and development findings regarding the performance of older workers and provide for the dissemination of these findings through the use of appropriate Government and private agencies.

DOL should institute a nationwide public information program which would make employers and the general public more aware of the techniques which have been developed for relating functional abilities of workers to the functional requirements of specific jobs.

Unemployment statistics collected and presented by DOL should include the discouraged worker so that they more accurately reflect the bleak economic picture of the older worker; and

DOL should require that the older worker specialist positions be reinstated as full-time or part-time equivalent positions in the national, regional, and State offices of the U.S. Employment Service/Job

Service, and that suitable training be provided to such specialists to ensure their effectiveness.

NCOA looks forward to continued participation in this committee's examination of retirement, employment, and lifelong learning, and appreciates the opportunity to be of assistance.

STATEMENT OF CYRIL F. BRICKFIELD, EXECUTIVE DIRECTOR, NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS;[1] ACCOMPANIED BY JIM HACKING, LEGISLATIVE REPRESENTATIVE

Mr. BRICKFIELD. The social, economic and public policy implications of the "graying" of America are profound and must force us as a nation to reexamine our policies toward older Americans and ultimately to restructure the Government institutions and programs which serve them. In addition, the expected continuation of a high rate, hard-core inflation spiral dictates that we seek out more adequate ways to insulate from inflation's effects both the elderly's income and the financing of Government programs on which they are extremely dependent.

The demographic trend which clearly indicates that the proportion of the population age 65 and over will expand rapidly, especially after the year 2000, is not alterable. But trends toward declining labor force participation and early retirement by older persons are.

Our associations believe we must begin now to make the changes of the magnitude necessary to reverse these trends. We must allow ourselves sufficient time for sound planning and lengthy transition periods in order to permit an orderly and incremental evolution into a rational policy structure that ends up allocating increasingly scarce resources efficiently.

Our blueprint for this evolution involves restructuring and relating current income support programs, eliminating barriers and disincentives to elderly employment, encouraging and actively creating job opportunities for older persons through the establishment of categorical Government work programs, and providing educational training and retraining programs to back them up.

The elements of our blueprint are as follows. First, the social security system—which is and most likely will remain the cornerstone of elderly income—should be transformed into a national pension program which has earnings replacement as its dominant purpose. The "minimum-floor-of-income-protection" function would be the responsibility of a revamped SSI program. The basic characteristics of this new program include:

A much less weighted—perhaps proportional—benefit formula that awards benefits which are strictly related to contributions and replaces at least 60 percent of preretirement earnings.

A gradual phasing out or deemphasis of current welfare and social adequacy are increased to achieve the desired replacement ratio.

The availability of full benefits at age 65.

The elimination of the earnings test, a severe work disincentive.

[1] See appendix 1, item 1, page 335; item 2, page 337; and item 3, page 340 for supplemental material submitted by NRTA–AARP.

The introduction of actuarially increased benefits for those electing to work after age 65 and postpone applying for benefits.

Universal coverage of all employees accomplished with respect to those not presently covered via an incentive/disincentive approach; and

Pay-as-you-go financing from payroll taxes with an additional general revenue mechanisms to act as economic safety nets protecting the program from high rates of inflation and unemployment.

The cash and inkind benefit means-tested programs, dominated by SSI, must be reformed and improved so as to be able to take up the present minimum-floor-of-income-protection functions of the social security system and adequately serve those elderly who would otherwise be in poverty because of low benefits. The areas of improvement for SSI include:

Significantly increased payment levels with State supplementation encouraged.

The creation of job opportunities and referral mechanisms specifically for SSI recipients with a more liberal treatment of earned income in determining benefit levels; and

Elimination or at least neutralization of the harsh effect of asset limitations and resource exclusions on eligibility.

The second major component of our blueprint relates to fostering greater labor force participation by the elderly. Government policies and actions which encourage or force early labor force withdrawal are imposing serious and unnecessary costs on our economic system and must be reversed in light of future demographic trends. Employment must be looked to for a larger source of income supplementation for the future elderly who would, in the process, become less dependent on government benefit programs. The older worker employment strategy would include the following public policy elements:

Elimination of major barriers to employment including mandatory retirement at any age.

Elimination of disincentives to employment including the social security earnings limitation.

Creation of employment incentives by all possible means, including benefit restructuring—such as actuarially increased social security benefits—and special tax incentives for employees and employers.

Creation of job training and retraining programs to prevent skill obsolescence and maintain older worker productivity; and

Institutionalize and vastly expand the already successful national older worker program embodied in title IX senior community service employment program.

The third aspect of our blueprint involves improving and expanding lifelong learning programs for the elderly with an emphasis on learning and education as a means of skill development. This objective should be pursued in a multifaceted manner and facilitate the emergence of older persons as a viable component of the work force. It is our firm belief that Congress in cooperation with the Department of Health, Education, and Welfare must assist in the redirection of lifelong learning into the new areas of work, retirement and continuous learning. To do anything less would be to develop policy in a vacuum ignoring the direct impact the economy and work patterns are having upon the education needs of older adults.

I. Accommodating the Trends and "Making Ends Meet"

Just as old age creeps up on an individual, the graying of America, a country which has so highly prized the values of its pioneering youth, has taken the better part of this century. This development to a mature society is manifest by the changing proportion of the population over 65 years of age, although chronologically, 55 years of age better demarcates the change from middle years of life.

At the start of this century, only 1 person out of 25 was age 65 or older, representing only 4.1 percent of the total population. But advances in the control of infectious diseases and the knowledge of nutrition that were made during the first several decades of the century helped change all this. By 1930, 1 out of every 20 persons was 60 years of age or older, a proportion of 5.4 percent. The depression years of the 1930's saw a sharp advance in the proportion of the elderly to 6.8 percent of the population. The Social Security Act, landmark legislation in the treatment of the elderly and the needy, was passed during the middle of the decade—August 14, 1935.

During the first 50 years of the century, the elderly population doubled to nearly 1 out of 12 persons—8.1 percent. The general rise in the number of births through the early 1920's, declines in age-specific death rates, and the heavy volume of immigrants, especially prior to World War I, were all factors contributing to the continuing increase in the elderly population. By 1960, the figure became 9.2 percent increasing to 9.8 percent in 1970. By 1975, 1 out of every 10 persons was 65 years of age or older—10.5 percent.

Life expectancy rates after the age of 65 were also advancing; the elderly population was maturing as a segment of the population. In 1940, at age 65 the average male could expect to live 12.1 more years and the average female 15 more. By 1970, the average male could expect to live 13.1 more years after age 65 and the average female widened her advantage over the male by expecting to live 17.1 more years after that age.

This trend probably will continue. By the year 2050, life expectancy should have increased another 3 years for men and another 4 years for women. Indeed, these figures may prove to be gross underestimates; advances in medicine, preventive medicine, improvements in the living environment, and adoption of more healthful lifestyles may well accomplish more.

The forecasts for the continuing expansion of the 65-years-and-older segment of the population are quite reliable well into the next century, because we are projecting the lives of an existing population. As can be observed from table I, the over-65-years-of-age segment will increase slowly from 10.7 percent of the population at present to 12.1 percent by the year 2000. After the year 2010, the elderly percentage will begin to take wings again as the postwar baby boom is converted into a senior boom. By the year 2030, 18.2 percent of the population will be 65-years-of-age or older, nearly one out of five Americans.

The "older" segment of the elderly population is also continuing to grow. Reference to table II reveals that, by the year 2000, we shall have 14.2 million persons age 75 and over—45 percent of all elderly. The number of elderly of advanced age, 85 years of age and older,

will increase from 2 million today to 3.7 million by the year 2000. In percentage terms, that is a 50-percent increase, from 0.9 percent of the population today to 1.4 percent in the year 2000.

It was remarked earlier that persons 55 years of age and older could also be considered as elderly. As of 1977, the segment of the population aged 55 and older already represented one out of five of the population. By the year 2030, it may well be close to one out of three of the population.

TABLE I.—ELDERLY AGE GROUPS AS A PERCENTAGE OF THE TOTAL PROJECTED POPULATION FOR SELECTED YEARS PERIOD 1977–2050

	1977	1980	1985	1990	1995	2000	2010	2030	2050
Projected population (million)	216.7	222.1	232.8	243.5	252.7	260.3	275.3	300.3	315.6
Percent:									
Over 54	20.0	20.6	21.0	20.6	20.4	21.0	24.5	28.7	29.0
Over 64	10.7	11.1	11.6	12.2	12.3	12.1	12.6	18.2	17.5
Over 84	.9	.9	1.1	1.1	1.3	1.4	1.6	1.9	3.0

Note.—Above information calculated from data contained tables 8 and 11 of the U.S. Department of Commerce reports, "Projections of the Population of the United States, 1977 to 2050," series P–25, No. 704, issued July 1977, tables 8 and 11, series 11, fertility assumptions.

TABLE II.—ANNUAL PROJECTIONS OF THE POPULATION BY SELECTED YEARS AND AGE GROUPS

	1977	1980	1985	1990	1995	2000	2010	2030	2050
Total population (million)	216.7	222.1	232.8	243.5	252.7	260.3	275.3	300.3	315.6
Age groups (percent):									
55 to 59	11.0	11.4	11.1	10.4	10.8	13.1			
60 to 64	9.3	9.7	10.6	10.3	9.7	10.1			
Subtotal	20.3	21.1	21.7	20.7	20.5	23.2	32.9	31.3	36.9
65 to 69	8.4	8.7	9.2	[illegible]	9.7	9.1	19.7	31.8	28.8
70 to 74	6.1	6.7	7.3	[illegible]	8.4	8.2			
75 to 79	4.0	4.3	5.1	5.5	5.8	6.3	10.4	17.4	17.1
80 to 84	2.7	2.8	3.0	3.6	3.9	4.2			
85 and over	2.0	2.2	2.5	2.8	3.3	3.7	4.5	5.6	9.5
Subtotal	23.2	24.7	27.1	29.6	31.1	31.5	34.6	54.8	55.4
Total over 54 years of age	43.5	45.8	48.8	50.3	51.6	54.7	67.5	86.1	91.4

Note.—Above information abstracted from U.S. Department of Commerce current population reports "Projections of the Population of the United States, 1977 to 2050," series P–25, No.704, issued July 1977, tables 8 and 11, series 11, fertility assumptions.

The social and economic implications of the maturing of America are profound; unfortunately, they can only be touched upon briefly here. Our social institutions can no longer be oriented toward the younger population. For example, our schools—technical, professional, and those dealing with the humanities—must fully address themselves to the task of continuing the education of the elderly. Indeed, all of our institutions must adapt themselves to our changing society. Because Government has so large a hand in the financing of our institutions, its role in this change must be deeply studied. Our resources are finite, and the strains of stretching our resources have become painfully evident on all sides.

Our remarks will tend to dwell on the economic aspects of a maturing society, a tremendous subject. We must immediately consider whether the elderly as a whole are to be merely consumers in the society of the future, or whether they are to be producers also. If they

are to be productive members of society, what is this role to be, and what will be its limitations?

Prior to the Age Discrimination in Employment Act amendments of this year, the retirement age of 65, which was determined under the original Social Security Act, had become the limiting age for most public and private employment. Indeed, many public and private retirement plans have provided for much earlier retirement. The ADEA amendments will give those who so choose the opportunity to extend their working lives, at least to age 70. However, the characteristics of much private sector employment favor the younger employee; and consequently, many employee retirement systems reflect a marked bias against the retention of older workers, starting with middle-aged workers. As a result, by the age of 65, only 1 man in 5 is in the work force and only one woman in 12.

Those things that foster retirement at an early age tend either to remove the mature worker from productive employment entirely, or promote a second career. In public employment, this often leads to what is called double dipping. Strong incentives to keep workers employed at any age at which they can perform—and choose to perform—their duties need to be built into retirement systems and plans, the tax structures, and other instruments of public policy. Obversely, existing incentives that lure workers into retirement need to be removed. Indeed, disincentives may yet have to be used to discourage workers in the future from accepting early retirement terms.

Private employers have much control over the terms of their employees' retirement. This is as it should be. But the Federal Government gives tax incentives to employers and employees for a large variety of retirement and retirement savings plans. The tax laws and regulations should be revised in these areas so that employment of the elderly is encouraged in the private sector and the termination of employees as they approach middle age is discouraged.

Our associations recognize that there are distinct limitations in trying by legislation to create employment opportunities for the elderly. There is a great deal of outright prejudice against the older worker. Much remains to be done by way of educating both public and private sector employers that this is a prejudice which inhibits raising the general productivity of our society. We shelve too many elderly. There are also important economic considerations, which lead employers to release workers as they approach middle age. For instance, the employer may fear the assumption of increasing liabilities for the eventual retirement of the worker. Many employers believe that the middle-aged and older employee can no longer cope with the strain of carrying out his duties to acceptable standards. Particularly if there is no compensation flexibility in a downward direction, an employer may believe that it is to his economic advantage to replace the older worker with a younger worker—and, indeed, it may well be to his financial advantage.

"Society's Throwaways"

The excessive emphasis on machines and technology in our economic activities and the extremely rapid rates of change have tended to make the older worker into one of society's throwaways. The young worker enters into a world the technology of which is familiar to

him. The employer can train him with the least effort for employment within his frame of technology. Because of the great pressures for economic growth, change is an aspect of our economy with which the worker must cope on a daily basis. Upon reaching middle age, the worker usually finds that he has moved into a new time frame of technology with which he is often unable to cope, particularly in the absence of continuing education which could have and should have been available to help him keep pace with the change.

In our view, we should stop trying to promote spasmodic and explosive rates of growth. The evidence is increasing that these attempts end up generating searingly high rates of inflation.

What we favor is moderate and steady real rates of growth that avoid the intense inflation we have experienced recently and the unnecessarily premature junking of human beings. We must also attempt to reduce the degree of ferocity with which we have attempted to substitute machines for people. We are reaching a point of diminishing returns, particularly when there are no immediate prospects of finding abundant sources of cheap energy to run those machines.

The belief that we could retire our middle aged and elderly, without regard to numbers, dates back to the past when continuing affluence could be counted on as the dividend of the new economics. The solid growth rates of the 1950's and the 1960's seemed as though they would never end, and these growth rates were accomplished with modest rates of price inflation in the range of 1½ to 3 percent a year. Only dimly foreseen in this past was that there might be limits to growth dictated by the growing damage to the environment in which we live. Not too well realized was that we lacked both the knowledge and the mechanisms in our Federal Government to perpetually fine-tune the economy so that inflation would be under control.

Elevated rates of persistent inflation began in the late 1960's. This inflation is a hardcore rate of inflation, which economists distinguish from cyclical demand-pull inflation, because it continues in good times and bad. When it persists during the recession period of the business cycle, we have stagflation. After 10 years of debate over how we are to control persistent inflation, no workable solutions have been found by the Federal Government.

The Subcommittee on Economic Stabilization of the House Committee on Banking, Finance and Urban Affairs has recently released its Second Annual Report on Inflation. Although consumer price inflation has now returned to the area of 10 percent annually, the report of the subcommittee only expressed some hope that the present rate might moderate to some degree. No expectations were expressed at all that the rate of inflation might fall back to the levels which prevailed in the 1950's and 1960's.

Elevated rates of persistent inflation hold the gravest consequences for the elderly. Not only do their personal financial arrangements suffer, but the income maintenance and income support arrangements of the Federal, State, and local governments are forced to meet with increasingly severe problems in funding the payments, which must be indexed to offset higher prices. These financing problems are often partly met by throwing the losses of inflation on pensioners. This may be done by ignoring inflation, by partially ignoring inflation in making only partial pension adjustments that do not offset fully the effect of

inflation—a common practice at the State and local level—or by making adjustment for inflation long after the fact. The private sector follows suit; ad hoc adjustment in pension payments are made only irregularly, if at all. Most employers make no provision out of current expenses for meeting the future costs of making such adjustments in pension payments, largely because there is no way that the size and cost of those adjustments can be known in advance.

The foundation of the income support structure that serves the elderly is the social security system. Although our associations shall comment at length on social security later, we would like to observe at this point that this Congress spent much time during 1977 attempting to deal with actuarial deficits projected for the system over both the short and long term. The long-term deficit was created in part by demographic trends, the trend towards earlier retirement, and a technical error in the law for inflation adjustments under the benefit formula. But because we find ourselves again at double-digit rates of price inflation, we should avoid repeating past mistakes and therefore remind ourselves of the prime reason for the short-term deficit in the system.

OASDI trustees, in their 1976 report, blamed the short-term imbalance on:

> Unprecedented and unanticipated inflation in recent years and approximately corresponding increases in benefits (11 percent in 1974, 8 percent in 1975, and 6.4 percent in 1976) and an expectation that inflation will continue at higher levels than formerly anticipated.

Although passage of the 1977 amendments leads us to presume that we have dealt with the short-term financial problems of the social security system, we must remember that a continuation of very high levels of persistent inflation, such as we are experiencing at present, was not anticipated by the system's actuaries in making forecasts. If persistent inflation is not restrained in the short term, we are certain the patient will soon be back in the operating room.

Congress has taken many steps to reduce poverty among the elderly, which have not been without considerable effect. The difficulty is to assess the changing impact of poverty among the elderly of a large number of Federal, State, and local programs which provide a hodgepodge of both cash in-kind benefits. Studies by the Congressional Budget Office during 1977, which took in-kind benefit income into account, came to the conclusion that poverty among the elderly may have dropped to as low as 6 percent. Our associations believe that the poverty rate is much higher, particularly when judged by poverty standards which take into account the disproportionately larger needs of the elderly for medical and other forms of assistance. Also, large numbers of elderly fall into the near-poverty group. Therefore, their economic condition can easily deteriorate rapidly when prices are rising at elevated rates of inflation. In our associations' view, inflation remains the implacable foe of the elderly and our No. 1 economic problem.

Measuring Inflation's Impact

So concerned are we over the ongoing inflationary spiral that we are now working with one of the leading econometric services in order to define the effects of inflation on the elderly, in terms of their wealth, income and expenditure patterns, taking due consideration of the offsetting assistance of various government programs designed to main-

tain and to support their income. It is widely assumed that the elderly suffer severely from the effects of inflation, because their income tends to be fixed and their assets, denominated in inflating dollars, tend to decline in value. On the whole, the elderly have not been successful in protecting their dollar assets by hedging investment techniques. Owning a home remains one of the best means of hedging against inflation. Small amounts of savings deposited with institutions or invested in Government savings bonds return no real interest at recent levels of persistent inflation—6 to 7 percent—indeed, at present levels of inflation, small savings accounts actually lose money for the elderly in terms of purchasing power. As the savings erode away during longer periods of elevated rates of inflation, the elderly increasingly dependent upon the Government, losing their independence and dignity in the process.

As a result of the study undertaken by the associations, we will be able to show the effects of varying inflation rates on assets and income expenditures of the elderly over their life expectancy after retirement. Our associations hope that these studies will jolt the Congress and various Federal departments into an awareness of the nature of the assistance needed by the elderly and the magnitude of the dependency problem created by inflation.

So important is each of the subjects we have raised in these introductory remarks, that we will devote a special section to each in our statement so that the implications for the elderly can be set forth in some detail. The recommendations of the associations on each of the problems foreseen for the growing mature population will be clearly stated.

The thrust of our introductory remarks is that demographic and economic trends dictate a complete restudy of policies and nonpolicies with respect to employment opportunities for the elderly and retirement of the older population from productive employment. The graying of America dictates our encouraging much larger numbers of the elderly into the productive effort as we move into the future, the trend toward making the vast majority of the elderly into idle consumers needs to be reversed. Because the elderly are growing as a segment of our society and because inflation hits them with particular force, the need to restrain persistent inflation is becoming more important.

Finally, our great variety of social institutions need to be reformed so that they better embrace the needs of the elderly. Our constantly changing society and economy impose great responsibilities on our education system. As the individual matures he must be kept in the mainstream. Junking older individuals because they might not understand the changing scene is not only inhumane, but it is—in an economic sense—an enormous waste of national assets.

II. A Blueprint for a New Aging Policy for the Nation

Barring some unforeseen catastrophe, the demographic trend that we have described is inexorable. As time goes on, we are going to have more older people, and with the aging of the baby boom cohort, we are going to have a great many more old people. In terms of public policy, this trend cannot be changed, it can only be accommodated and any such accommodation requires rational advanced planning.

Other trends that we have identfied can, however, be altered or even reversed. We are reasonably optimistic that the declining labor force

participation and early retirement trends on the part of middle-aged and older persons can be slowed appreciably if not indeed reversed in response to changes that can, and should, be made in terms of public policies. Indeed, if the rapid inflationary spiral continues undiminished for much longer, that trend, in and of itself, could act as a counterweight to the early retirement/decreased labor market activity trend as persons begin to recognize that absence from the labor force leaves them increasingly vulnerable to the consequences of inflation. General recognition that wage income tends to keep better pace with inflation than other income forms could cause retirees to seek more wage income—through active employment—and thus help protect themselves against at least some of the erosion in their standard of living that high level inflation must otherwise cause them to suffer.

As far as the inflation trend is concerned, the factors that combine to produce the hard core, 6 to 7 percent per annum rate are strongly embedded in our economic structure and are increasingly intractable. We think the inflation spiral entails horrendous consequences for the elderly and for the programs on which they depend for income support and health care protection. We believe that the inflation trend can still be restrained. However, we are not at all optimistic that the Congress, the Executive, and all the various interests in the private sector have the will to do those things that are necessary to control this trend. Indeed, the legislative history of the effort in this Congress to contain hospital costs—an attempt to which we have given wholehearted support—is a record of a lack of resolve to say no to the special interests that are responsible for much of the inflation hard core. This situation leads us to be less optimistic about prospects for favorably altering the inflationary trend than we are about altering the early retirement and elderly labor market participation trends.

What is critically needed now and what we hope these and future hearings by this committee will foster is a blueprint for a new aging policy for the Nation. Right now, we would like to describe in some detail our thinking on what this blueprint should look like.

The sources of the income stream of the current elderly generation are numerous. Earnings from work, public and private pensions and annuities, private savings, and income-producing assets are just a few. The most important source, of course, is social security.

The relative importance of each of these income sources is very much a function of marital status and income level. Tables III, IV, and V, which were taken from an HEW survey of persons receiving their initial social security benefit awards in 1970, should serve to illustrate this point.

TABLE III.—SHARES OF AGGREGATE INCOME MARRIED MEN AND THEIR WIVES, 1970

[In percent]

Income	Social security	Earnings	Private pensions	Public pensions	Asset income	Other
$500 to $1,499	82	8	1	1	4	3
$1,500 to $2,499	69	16	2	2	6	5
$2,500 to $3499	57	21	7	3	8	4
$3,500 to $4,499	48	22	12	6	9	4
$4,500 to $5,499	40	25	14	6	10	4
$5,500 to $6,499	34	27	17	6	12	5
$6,500 to $7,499	29	27	18	8	13	4
$7,500 to $8,499	25	31	17	10	13	4
$8,500 to $9,499	23	33	18	8	14	4
$9,500 to $12,499	17	39	15	7	16	5

TABLE IV.—SHARES OF AGGREGATE INCOME NONMARRIED MEN, 1970

[In percent]

Income	Social security	Earnings	Private pensions	Public pensions	Asset income	Other
$500 to $1,499	77	8	(1)	1	4	10
$1,500 to $2,499	62	15	3	3	6	12
$2,500 to $3,499	46	19	10	6	9	11
$3,500 to $4,499	37	18	19	8	9	9
$4,500 to $5,499	29	18	26	9	12	8

(1) Less than 1 pct.

TABLE V.—SHARES OF AGGREGATE INCOME NONMARRIED WOMEN, 1970

[In percent]

Income	Social security	Earnings	Private pensions	Public pensions	Asset income	Other
$500 to $1,499	77	9	1	1	4	7
$1,500 to $2,499	62	16	4	3	8	8
$2,500 to $3,499	45	23	9	5	8	8
$3,500 to $4,499	35	25	14	7	13	6
$4,500 to $5,499	29	23	14	11	17	6
$5,500 to $6,499	23	24	12	14	23	5

Although the weights of the different income components vary depending upon such things as income class and marital status, one thing is clear, social security—more precisely old age and survivors insurance is the cornerstone of the income of the current elderly generation and is likely to remain so for future generations as well. But that does not mean that OASI should not be changed. On the contrary, our associations believe that the existing program must be changed incrementally over time until it becomes much less the social insurance program it is today and much more a national pension program.

We are not suggesting some overnight radical alteration of the existing program but rather a gradual evolution into something markedly different by nature and characteristic. This sort of change is nothing new. OASI today differs radically from what it was originally contemplated to be by Roosevelt's Committee on Economic Security and by the 1935 act itself. Over time, modifications have been made which not only changed the level and nature of the benefits under the program but the essential character of the social security system as well.

Perhaps the most fundamental revision in the system occurred with the 1939 social security amendments. Those amendments marked a turning point in the program's historical development. Whereas the original system stressed the insurance concept and the idea of individual equity—that is, that a person would get back from the system at least as much as he contributed to it—these amendments stressed coverage, welfare, and general "social adequacy" goals. Certain dependents and survivors of workers were brought into the system, payments were scheduled to begin 2 years before they were originally planned—before contributors had built up enough "individual equity"—and, perhaps most importantly, benefits were tied to average earnings over a minimum covered period, thus breaking the link between total lifetime contributions and benefit levels. Other changes

over the years include: Liberalized benefit amounts with proportionately larger increases for wage earners at the bottom of the earnings scale; changes in the tax rates; changes in the nature of the benefits—the addition to medicare, for example; the addition of an automatic benefit escalator; and increases in the covered population to the point where coverage under the combination of programs that we generally refer to as social security is practically universal.

Other Primary Sources

The national pension program that we contemplate would have the following basic characteristics. First, the benefit formula would be much more proportional and less weighted than the existing one in order to relate benefit awards more closely to contributions. Second, the system would, on average, replace not less than 60 percent of preretirement income, in order to give the future elderly a good chance of maintaining in their later years a standard of living comparable to that achieved earlier. Third, two "general revenue" mechanisms would be created that would act as economic "safety nets" for the system, providing it with protection against the consequences of high-level inflation and unemployment. Fourth, the program would continue to be financed from payroll taxes and general revenues on a pay-as-you-go basis with contingency reserve funds. Fifth, incentives that reward work effort would be present—for example, actuarially increased benefits for those who elect to defer applying for benefits until after age 65. Sixth, the earnings limitation, a serious work disincentive, would be eliminated. Seventh, 65 would remain the age for full benefits. Eighth, welfare and social adequacy benefit elements would be phased out and placed elsewhere—or at least be deemphasized and financed in a manner different from that of today—while primary benefits would be increased in order to achieve the earnings replacement goal. Finally, coverage would either be universal or, to the extent that it is not quite so, those employees outside the program would end up subsidizing it.

There are several reasons why we think the current social insurance OASI program ought to be changed over time to more closely resemble a true pension or annuities program. First, there is a need to sort out from OASI—and also from disability insurance [1]—the "minimum-floor-of-income protection" function and use instead the supplemental security income program for that function. Historically, the single instrument of social security has been used to try to accomplish the divergent goals of earnings replacement and minimum-floor-of-income protection, and has thus not fully accomplished either. Since we now have two separate instruments, namely OASI and SSI, the sorting out of these two functions between these two instruments would permit a more effective and less wasteful allocation of limited resources. Our financial resources are not increasing as rapidly as they used to—because of declining productivity—and, in the future, we will be allocating our resources among an elderly population that will have vastly expanded.

[1] We think the DI program ought to remain a social insurance program, although we would have some suggestions for changes to remedy many of its present problems. However, that subject falls outside the scope of this statement and will have to be examined separately at another time.

Second, as should be clear from our discussion below, the addition of economic "safety nets" and the incidental introduction of "general revenues" on a limited basis would provide the OASI program as it evolves into a new pension program with protection against high rates of inflation and unemployment and an expanded tax base. This would be done in a manner less inflationary than that which the addition of still more payroll taxes would entail. Third, removal of the earnings test, a major work disincentive, would pave the way for the addition of incentives to employment and would, in the process, change the nature of the existing OASI program. Fourth, changes in the mix and magnitude of benefits of the existing program to emphasize more individual equity and less social adequacy or welfare would, we hope, alleviate much of the increasing dissatisfaction with the benefit structure that is heard from working women and single persons. Finally, our suggestions for a "carrot and stick" approach to the achievement of universal coverage under a new national pension program would, we believe, end up with our either having achieved that goal, or with our having placed persons electing to remain outside the national program in a position where they end up providing the program with a revenue subsidy. In other words, those groups that are still outside the present OASI program would still have the option of choosing, but would not be to their financial advantage to remain outside the program.

Although we speak of OASI and ultimately a new national pension program as the major component—the cornerstone—of the future income stream of the elderly, we do not wish to ignore the other primary retirement systems that exist, such as the civil service and other retirement systems of the Federal Government and the approximately 6,000 existing State and local public employee systems. Many of these State and local systems, of course, are already integrated with social security and obviously would be changed as social security changes over time. With respect to the nonintegrated, primary State and local pension and annuity systems, there is a movement toward consolidating smaller—and usually financially weaker and/or less generous—State and local systems into larger county, regional, or statewide systems. We would expect that trend to continue. However, we would also expect many of these nonintegrated systems, under the influence of the "carrot and stick" approach to achieving universal coverage under the new national pension system, to be closed off and eventually wither away.

Some problems that are presently with us would disappear automatically if changes we recommend for OASI as part of our concept of a national pension system are adopted. For example, it is possible today for a public employee to earn a pension or annuity under a separate Federal, State, or local system and then work just long enough in social security covered employment to become fully insured. This person contributed the bare minimum during that time, but still ends up with a minimum social security benefit that is totally unrelated to his contributions and that was originally intended for low-income earners or persons having had sporadic attachment to the labor force. These windfalls are a drain on the system. However, if a proportional benefit structure were phased into OASI as part of the new pension program, no one would ever get more than an amount strictly related

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to what he contributed. To help the lower income workers or the worker who had only sporadic attachment to the labor market, the SSI program, responsible for performing the minimum-floor-of-income protection function, would provide additional income assistance. SSI would screen out higher income employees from the category of eligibles and eliminate the windfall benefit problem.

Private pension plans, and other savings and retirement income instruments like Keogh plans and IRA's would continue to be looked to in the future as a source for supplementary income during the later years of life. We believe this committee ought to look separately at the problems and issues involved here. The area is enormously broad and complex. We would, however, like to raise one issue at this point. While private pension plans cover around 50 percent of current workers, the rest are not pension plan participants and cannot reasonably count on having a private pension in their future income stream. If there is such a component at all it would, under the present scheme of things, have to come from an IRA or a Keogh plan. To try to fill the gap, our associations have recommended the establishment of a supplementary pension plan program whereby employers who do not have pension plans of their own could contribute on behalf of their employees—and receive certain tax advantages as an inducement to do so—to a central clearinghouse, perhaps administered by SSA. This central clearinghouse could accumulate the pension credits for those workers on whose behalf the contributions are made. This central clearinghouse would also have to have "bridges" to private pension plans and other elements in this income tier to allow transfers of credits that would accommodate worker mobility.

Before leaving the subject of the sources of supplements to the income stream of the future elderly we would like to add a few thoughts that the committee might explore. Some of the components of the future elderly's income we would expect to be the same as some of those of the present generation, as, for example, income from savings and other income-producing assets. There would also be an earned income component and we would hope and expect that that component would actually expand in size and weight among the various components.

We would, however, expect some components to be drastically changed and new ones added. For example, our associations are advocating that limited amounts of inflation-proof bonds be made available to small savers. These bonds would, unlike present ones, guarantee a real rate of return. As a possible new income source, our associations have begun to examine the question of whether it is possible for older persons to turn homes that they own into a steady source of income and still retain those homes during their lifetime. The concept is referred to as reverse mortgage and is one that ought to be explored in detail.

What Must Be Done to Change What Exists Into What Is Desired

Despite the enactment of the Social Security Amendments of 1977, the issue of social security financing is still very much with us.[1] One of the factors motivating the action by the administration and the Congress to cut income taxes now is the economic need to offset the

[1] See appendix 1, item 1, page 335 for historical account.

social security payroll tax increases that occurred this year and the even larger ones that are scheduled for next year. Our associations are opposed, as a matter of public policy, to increasing social insurance payroll taxes on the one hand and cutting income taxes on the other.

First, such a policy will increase the share of Federal Government revenue derived from a tax mechanism that is basically regressive—except to the extent that the regressivity is relieved by devices such as the earned income credit—relative to that derived from more progressive tax mechanisms.

Second, at a time when continued reduction in unemployment is still an economic goal, it makes little sense to discriminate against labor by enacting legislation that schedules enormous increases in payroll taxes for years into the distant future. Higher payroll taxes increase the cost of labor—relative to the cost of capital—and make reducing unemployment that much more difficult.

Third, some households will end up losing more from payroll tax increases than they will gain from income tax cuts; households not subject to payroll tax increases will gain a windfall via those income tax cuts. Finally, and most importantly, payroll tax increases are more inflationary relative to some other choices available for dealing with social security's financial troubles.

Rather than scheduling enormous increases in payroll taxes to shore up social security, it seems to us that it would have made better sense and created fewer problems to have introduced some "general revenues," on a limited basis and for narrow and highly specific purposes, into the cash benefit programs to deal with the system's short-term financial imbalance problem. The excess of outgo over income—a situation that has existed since 1975—is primarily attributable to the impact that elevated rates of inflation and unemployment have had on the social security programs. The system is extremely vulnerable to what goes on in the economy. Since benefits move up automatically with inflation, the higher the inflation level, the higher the outgo from the system. As consumer purchasing power declines—as a result of inflation, higher taxes, et cetera—unemployment increases and payroll tax contributions to the system fall below anticipated levels. The public policy answer to the social security financial imbalance should have responded, but in our view did not, to the economic causes of the problem. The system remains, even after last year's legislation, vulnerable to the impacts of adverse economic developments.

In order to protect the system from these adverse impacts, our associations have, since 1975, recommended that certain "general revenue" safety net devices be introduced as adjuncts to the financing mechanism that supports the programs. First, we advocate a limited—and hopefully temporary—use of general revenues to fund a portion of the cost of automatic benefit increases to the extent that those increases exceed a specified level—for example 4 percent. As the rates of inflation and unemployment decline and the difference between the rate of inflation and the rate of increase in average covered wages in social security covered employment increases, the annual general revenue contributions should gradually phase out automatically. In addition to this proposal, we endorsed the proposal advanced by the administration last year that would have used general revenues to replace income lost to the social security system as a result of unem-

ployment rates in excess of 6 percent. As unemployment declines below that figure, the annual general revenue contribution for this purpose would also phase out automatically.

Two Uses of General Revenues

We wish to make it clear that our associations continue to espouse these two uses of general revenues for the cash benefit programs. First, those two devices will serve to protect the system from the two-fold threat posed by the high rates of inflation and unemployment over the long term. Second, they would also assist sound financial planning for future payroll tax needs by assuring a minimum amount of income to the system each year and by assuring that the payroll tax mechanism would be called upon to fund the cost of automatic benefit increases only up to a specified maximum level. The annual cost of automatic increases in excess of that level would come from the general funds. Third, by desensitizing the social security system to adverse economic developments, not only would the system be better protected, but beneficiaries and workers would have better assurance of its ongoing viability. Fourth, by introducing general revenues into the cash benefit programs, some of the inflation and unemployment pressures that payroll tax increases produce could be avoided. Finally, some of the revenue potential of the payroll tax mechanism would be "freed up" for the purpose of funding the costs incidental to the national pension program that we would like to see brought into being in the future. We would add that, until a new financing source such as we have advocated is introduced into social security, fundamental improvement of OASDI is going to be very difficult if not impossible.

We do not wish to leave this topic without some comment on the source of the "general revenues" which we propose to use for social security purposes. In our view, these general revenues can come from: (1) Increased and nonearmarked revenue derived from existing or new tax mechanisms; (2) deficit financing from the sale of Federal securities; and (3) the shifting of expenditure priorities within the context of the Federal budget.

To the extent that the general revenues are needed in any year, the choice of source(s) for those funds should be made in the light of the needs of the economy at that time. We hasten to add that since our associations believe the Federal budget ought to be balanced over the business cycle, no single source for the general revenues should be relied upon year after year.

In view of the foregoing, it should be clear that our associations believe that, by choosing to rely almost exclusively on payroll tax increases to deal with the short-term financial imbalance of the social security system, the Congress made a serious mistake. We felt compelled to acquiesce in what the legislative process produced in order to avoid the interruption of benefit payments—the DI trust fund was projected to run out of assets next year. Nevertheless, as a matter of first priority and as a first step in making the transition necessary to accommodate the future elderly with respect to their primary income source needs, we urge new legislation to introduce general revenues into OASDI as a substitute for at least some of the payroll tax increases scheduled under current law.

If our recommendations continue to be ignored, and FICA payments become larger and more visible on the pay stubs of current workers, a

serious antipayroll tax revolt could occur that might, in turn, generate increasing political support for meat-ax-type benefits cuts. Those who stand firmly committed to payroll taxes as the sole means of financing social security—on the specious grounds that it introduces discipline and restrains benefits increases—are, because of the rigidity of this stance, helping to set the stage for the antipayroll tax reaction that our associations would like to avoid.

As we have indicated, we wish to see everyone covered under the nationwide pension program that we would like to see brought into being in the future. To achieve that objective, we recommend a "carrot-and-stick" approach. We reject the crude approach of simply mandating coverage for all those employees who are outside the system on a date certain.

Aside from potentially serious adverse financial impacts on OASDI that could result from wholesale withdrawals by employee groups presently covered on a voluntary basis, existing coverage exclusions and voluntary coverage and termination options under the current system have significant policy implications. On one hand, some public employee groups that have not elected or cannot elect social security coverage are able to obtain "fully insured" status through supplemental or seasonal employment and can expect to retire with a benefit heavily weighted in their favor in addition to their own staff retirement benefit. While there may be nothing wrong with "double dipping" if benefits are strictly related to amounts contributed to different systems—and there are no subsidies involved—there certainly is something wrong with giving windfalls to a select class of persons who find themselves uniquely situated to take advantage of things—like the minimum benefit—that were never intended for them.

On the other hand, we recognize that there are substantial incentives for public employee groups even now to come into social security and reserve the option to withdraw. Social security benefits are increasingly valuable; that is, indexed fully for inflation and completely portable. By entering the system, benefit rights can be obtained quickly with the cost spread over all covered employment. After dropping most of these costs on the system, and after having participated just long enough for most of a covered group to acquire fully insured status, the option to terminate can look attractive. Since old-age benefit rights for fully insured individuals are not affected by a termination, those terminated contribution amounts can be accumulated for the purpose of providing a supplementary, age-related benefit under a separate system that more than offsets the amount by which the social security benefit would be reduced because of the years of noncontribution following termination. Not only do these individuals derive a significant advantage from social security's weighted benefit formula, but they can also expect to obtain the advantage of subsequent liberalizations in the cash benefit—OASDI—and hospital insurance—HI—programs. The financial burden falls on everyone else in the system.

Risks of Termination

But termination, of course, has its risks. First, failure to continue contributions may result in a loss of disability protection and impair currently insured status for certain survivor benefits, lump-sum death payments, and chronic renal disease protection under the HI program.

Second, if, after termination, a separate public employee system is established which attempts to guarantee that benefits to be paid will never be less than the amount that would have been paid if social security coverage had been continued, the guarantee may not be kept with respect to those not fully insured at time of termination. Considering the degree to which social security and medicare benefits have been liberalized and extended in the past, and especially in view of the automatic cost-of-living benefit increases under present law, the cost consequences may undermine any separate system guarantee.

Third, for those members who are not fully insured at the time of termination, and for new workers subsequently hired, withdrawal may mean that they may never be insured for retirement, survivor, disability, and HI benefits. Once a jurisdiction opts out of the system under present law, it cannot come back in. Moreover, as time passes, the number of quarters of coverage required for fully insured status will continue to increase to 40, thus making it increasingly difficult for young or future public employees to obtain benefit rights.

In our view, and from the point of view of national policy, there is little that can be said in favor of withdrawal, and what can be said is clearly outweighed by the likely diminution in benefit and cost-of-living protection for current and future public employees affected by the decision to terminate. Therefore, action ought to be taken to strengthen the disincentives to withdraw and increase the incentives to enter the system on the part of at least those who are presently free to do so. Conceivably, current law could be changed to eliminate the right to withdraw on the part of covered groups already participating in social security. However, such a change would entail substantial legal—and even constitutional—problems and certainly would not be fair.

Therefore, we first suggest that the employees of participating covered groups should be given the opportunity to vote in a referendum on withdrawal—if a jurisdiction elects to withdraw—even if such a referendum cannot be made binding on participating jurisdictions and even if it has to be conducted by the Federal Government. Employees must be provided with the information necessary to make an informed judgment and be given the right to express themselves.

Second, with respect to the public employee groups which may enter the system in the future, the terms of coverage agreements should specify that the option to withdraw is subject to approval by a two-thirds vote.

Third, benefits should be frozen as of the time of withdrawal for those who elect to opt out.

Fourth, the introduction of some general revenue financing into social security would act as both the incentive to come into the system—in the case of those who are not presently in—and as a disincentive to withdraw, on the part of those already in on a voluntary basis. To the extent that any such general revenue come from income taxes, those who elect to remain outside this system will end up paying for something they cannot receive.

Fifth, the phasing-in of a new benefit formula that would be proportional or nearly so and would replace not less than 60 percent of a worker's average monthly indexed earnings amount—under the new decoupled approach in calculating future benefits—would result in a benefit reasonably related to contributions and in the process eliminate

minimum and weighted benefit windfalls that presently can go to persons who spent their careers in non-social security covered employment. Greater correlation between benefits and contributions coupled with the introduction of limited amounts of general revenue would leave groups that are outside the system or leave the system at a disadvantage. Finally, the fact that the number of quarters of coverage required for fully insured status under social security is increasing automatically means that persons who try to split their employment between social security and some other system but who spend less than 10 years in social security covered employment, will have made 10 years' worth of contributions to the system and still be ineligible for most—and perhaps all—benefits.

As we follow this kind of a "carrot-and-stick" approach, we must, of course, give to those groups—that is, Federal employees who are presently excluded from social security and could not come in even if they wanted to—at least the option of coming in. If they wish to remain out, that decision is up to them, but they will pay a price for it in terms of subsidies they will be making to the one big program.

Issues for Consideration

We do not wish to leave this subject without commenting on some of the issues that would have to be considered if the Congress were to proceed to mandate coverage for all public employees not presently in the system on a date certain, rather than following the incentive/disincentive approach that we recommend. First, there may be constitutional impediments—in the light of the *League of Cities* decision—although that is not likely.[1] Second, jurisdictions with employees not covered by social security have separate pension or annuity systems designed without taking social security benefits into account. Generally, benefits and contributions are high; if social security were then simply added as a supplement, benefits and contributions for both employees and units of government would likely be excessive. Moreover, since some States have constitutional prohibitions against reductions in retirement benefits—like, for example, the State of New York—those benefits could not readily be reduced.[2]

To us, the only reasonable means for mandating universal coverage would be to mandate such coverage only for new employees hired after the effective date of the provisions of the necessary legislation. States and localities that are not participating in social security would have to be given reasonable time to establish new career retirement programs—for those hired after the effective date—that take into account social security as a first benefit tier. The old systems would have to be closed off with respect to employees employed by those jurisdictions prior to the effective date of the mandatory coverage. They and those already retired would receive their benefits from the preexisting system during their lifetimes.

The present OASDI programs, we have said, contain pension, welfare, and "social adequacy" elements, all of which are reflected in the system's benefit structure and formula. The minimum benefit is clearly a welfare element. Spouse and survivor benefits fall in the more general social adequacy category. Certainly, benefits have less

[1] See app. 1, item 3, page 340, for discussion of this point.
[2] See app. 1, item 2, page 337, for full discussion of this issue.

to do with amounts actually contributed to the system than with the size of the OASI or DI recipient's family.

Under a pure pension or annuity system, however, benefits are always strictly related to contributions. Individual equity is strongly emphasized. Since our associations advocate evolving OASI into a pension program in which individual equity would be given much greater emphasis than it is under the current program, it follows that we would tend to favor changes in the mix and magnitude of current benefits as well as change in the benefit formula as stated earlier. This committee, which had a task force look at the issue of women and social security in 1975, recognizes that there is increasing pressure building for changes in the structure of social security benefits. Much of the inequity now being perceived in the existing structure stems from assumptions made during the early years of the system's evolution. The fundamental one was that the man is the breadwinner who is responsible for the support of his wife and children, and that the woman is the homemaker and a dependent. Over time, the traditional role of women has changed to include substantial periods as a wage earner. That social security does not adequately recognize the overlap occurring in the roles of the woman is a source of dissatisfaction that is increasing, especially now since women are entering the labor force in increasing numbers—and thus earning social security credit—partly to offset the effect of inflation on family income purchasing power and standard of living.

Under present law, a woman as the spouse of a fully insured worker, is entitled to 50 percent of her husband's primary insurance amount, even though she may have made no contributions to the system. A woman worker beneficiary is entitled to a benefit based on her own average earnings. Any spouse benefit to which she is entitled on her husband's record is reduced by that amount. In effect, she receives the larger of the two. However, if she is entitled to a benefit of her own record she derives an expanded degree of protection for herself, her spouse and children—especially in light of the *Goldfarb* decision and that line of cases.

There are other factors that ought to be mentioned. Most workingwomen are employed in lower paid occupations and industries. Moreover, many women periodically leave the labor force to raise children, but those years of nonlabor force participation are included in the computation of benefits. Consequently, the average earnings of women tend to be much lower than those of men and often female wage earners' benefits turn out to be little more than what they would have gotten as spouses. It is not difficult, therefore, to understand why workingwomen often feel that they receive little or nothing for the taxes they paid, since nonworkingwomen can often obtain approximately the same benefits without having paid anything.

Family Protection Inequities

While the major purpose of social security as structured is family income protection, the focus in the determination of benefits is the individual, earnings, and status in the family. This can result in other perceived inequities. A working husband and wife may contribute more to social security than a single worker whose income is equivalent to their combined earnings. It has been shown that when the combined

earnings of a couple are below or slightly above the taxable maximum for one worker, the sum of the benefits to which they are entitled is usually smaller than the sum of the benefits to which a man, whose earnings are equivalent to their combined income, is entitled coupled with his nonworking wife's spouse benefit.

It logically follows from our call for the evolving of OASI into a national pension program with emphasis on individual equity and the earnings replacement function and our call for the sorting out from social security of other functions and making them the responsibility of other programs, that some existing benefits should be phased out of the OASI program over time and cease to exist under a new pension program. For example, pension and annuity systems award benefits as a form of deferred compensation to workers and relate those benefits to contributions. The benefit formula usually takes into account both average earnings and time spent in employment covered by the program. While a survivor option is generally available along with a lump sum payment if the worker dies before eligibility requirements are met, there generally is no separate survivor benefit or other derivative, family protection type of benefits and, if there are, the worker generally has to "buy" them by paying more in contributions.

The national pension program we have recommended would end up paying primary benefits to future retired workers that would be much larger than what would be paid if the present system were to be continued. Workers and work effort would be rewarded. A survivor benefit option would of course be available. However, other derivative benefits under the existing system would be phased out of such a program gradually over time so that no one has his or her benefit expectations defeated. That would require, for example, that only persons who become contributors for the first time after a different benefit structure were enacted would be denied the derivative benefits available under current law. Obviously, that entails enormous leadtime and transition, but it is only fair since persons who are working at the time any such legislation is enacted would have already been contributing in the expectation that they and their family members would be entitled to the benefits existing under current law.

This idea of phasing out derivatives benefits would not mean that such benefits need necessarily vanish. They could simply be in place elsewhere—perhaps in the SSI program—and funded from general sources. But if they are retained under a national pension program, which would not then be a pure pension program, then the financing for those separate benefits ought to come from something other than payroll tax contributions of noneligible contributions, like single persons who have no spouse to be eligible for spouse benefits but who pay as much under current law as a similarly situated worker with a nonworking spouse.

Need for Smooth Transitions

Our associations realize that much thought must be given to the issues that changes in the benefit structure necessarily entail and we anxiously await recommendations in this area by the Social Security Advisory Council and other commissions that are now being set up to study retirement income support programs and social security, we must emphasize, however, one important matter that we have men-

tioned repeatedly—the need for smooth transitions. We are not in favor of introducing significant changes that penalize persons by defeating their reasonable benefit expectations.[1]

Our associations also contemplate other major changes in OASI but have made reference to most of these elsewhere. For example, we believe that social security benefits ought to be increased actuarially for persons who elect to forgo applying for benefits until after age 65. We also believe that the earnings limitation should be eliminated with respect to primary benefits. However, to the extent that derivative benefits remain under the system the earnings test would have to continue to apply to them; otherwise we could have situations where a man under 60 and working full time, but with a dependent child, ends up receiving a survivor benefit on the death of his wife even though he is not at home caring for that child.

Before leaving the general subject of primary retirement systems and turning to SSI and the means-tested programs, we wish to comment on the automatic cost-of-living mechanism that is used to adjust OASDI and SSI benefits. We consider it deficient in two respects.

First, it is not timely enough to prevent a gradual erosion in benefit purchasing power, especially during periods of rapid inflation. Under current law, social security and SSI benefits are adjusted only once a year to reflect increases in the CPI which have occurred much earlier.

Second, the CPI currently used to measure price increases and adjust benefits does not accurately reflect the impact of inflation on elderly budgets. The elderly's expenditures for basic needs and necessities, as compared to other consumers, are concentrated in areas where some of the sharpest price increases have occurred—housing, medical care, fuel, and food.

We should point out that although we think the use of the new urban consumer index will be better for the elderly because it includes the expenditure patterns of old people and of other low-income groups, we will not be certain until we have more experience with it. In the

[1] One of the more recent and outrageous examples of this failure to provide smooth transition occurred in connection with the 1977 Social Security Amendments' elimination of the "monthly aspect" of the earnings test. Prior to this year, persons could collect full benefits for any month in which they did not render "substantial services" in self-employment or did not earn more than one-twelfth of the annual earnings limit, regardless of their total yearly income. These months are referred to technically as "nonservice" months.

Last year's bill changed all this. Beginning Jan. 1, the protection of the monthly aspect was eliminated (leaving only the annual test)—except for the first year of a person's full retirement. The monthly aspect of the earnings limit was preserved during the first year of retirement in order to protect those who work part of the year but then retire expecting to receive benefits for the rest of the year, from losing those expected benefits because of the salary or wage income earned earlier in the year—a result very likely to occur if only the annual earnings limit is applied.

As if this were not bad enough, the Social Security Administration (SSA) has interpreted last year's change in a manner that effectively denies the "first-year-of-retirement, monthly aspect protection" to many persons who retired this year or in the next few years. In effect, SSA has said that the first year in which a person, otherwise eligible for social security, has a nonservice month is that person's first year of retirement—even though that was not his first year of actual retirement and even though that first year was a year prior to 1978, the effective date of the change of the law.

Thus, in the case of an active teacher who was able to collect benefits for the summer months of 1977 because her earnings in each month did not exceed one-twelfth of the annual exempt amount but who did not actually retire until July of 1978, 1977 would be considered her first year of retirement for purposes of the monthly aspect because that was the first year in which she had a nonservice month. In 1978, the first year of actual retirement, only the annual test would apply and that might well cause her to lose all or part of the benefit she expected to receive in the months after she actually stopped working. The number of persons who have suffered a loss of expected social security benefit income as a result of this SSA interpretation and last year's change in the law is estimated at 250,000. NRTA and AARP are challenging this and are seeking remedial legislation.

first month of publication, the unrevised CPI increased at an annual rate of 5.3 percent, the revised CPI at an annual 6.6 percent, and the new urban index at an annual rate of 7.3 percent. Again, this is only 1 month of experience but it appears that what index is used and when it is used will matter significantly. The inflation impact study which our associations will be obtaining from Data Resources, Inc., will hopefully shed some light on this subject and be useful in developing and supporting appropriate legislative remedies.

New Adjusting Mechanism

To correct the two deficiencies outlined above, our associations support legislation, S. 1243, introduced by Senator Church, that would, first, authorize the development of a special CPI for the elderly and, second, make the social security and SSI adjustment mechanism more responsive during periods of rapid inflation triggering semi-annual cost-of-living adjustments whenever the CPI exceeds a high annual rate.

The new adjustment mechanism would shorten the time that elapses between the measuring period and benefit increase. Our associations appreciate Senator Church's continuing leadership in this area of protecting the elderly's benefits from the impact of inflation and strongly supported his efforts to gain acceptance of his bill during congressional debate on the 1977 Social Security Amendments.

The elderly population in this country can generally be described as a low-income group associated with a high incidence of poverty when compared to the income and poverty status of both their younger counterparts and the population as a whole. It is true that the findings of various Government studies on levels of income and prevalence of poverty among the elderly differ substantially. For instance, while both the Census Bureau and Congressional Budget Office compile statistics on the incidence of poverty and use the same income thresholds in definining poverty, the findings of each report differ markedly based on whether certain in-kind benefits are included as income.

Definitions of the poverty threshold also vary among Government reports making a consistent measurement of income adequacy difficult. The Census Bureau utilizes two thresholds: "poor," defined as the absolute minimum amount of income necessary for subsistence living—in 1977, the poverty cutoff for elderly individuals was $2,906 and for elderly couples $3,666—and "near poor," defined as income slightly—25 percent—above the poverty threshold but still not considered adequate. The Bureau of Labor Statistics annually publishes yet another income adequacy index which lists required budgets for a retired couple at three different standards of living.

Despite all these disparities in the measurements of poverty and the definitions of income adequacy for the elderly, certain characteristics and trends are quite evident. First, substantial progress has been made over the last decade in reducing poverty—especially for the elderly population. According to recent Census Bureau data as outlined in table VI, the poverty rate among the elderly has been cut from a rate of 29.5 percent in 1967 to 14.1 percent in 1977. In contrast, the poverty rate among the general population only fell from 14.2 percent to 11.6 percent over the same period.

TABLE VI.—PERSONS BELOW THE POVERTY LEVEL BY FAMILY STATUS, SEX OF HEAD, AND RACE: 1959 TO 1977

[Numbers in thousands. Persons as of March of the following year. For meaning of symbols, see text]

Year, race, and sex of head	Number below poverty level							Poverty rate						
	Total		In families				Unrelated individuals	Total		In families				Unrelated individuals
	All persons	65 years and over	Total	Head	Related children under 18	Other family members		All persons	65 years and over	Total	Head	Related children under 18	Other family members	
ALL RACES														
1977	24,720	3,177	19,505	5,311	10,028	4,165	5,216	11.6	14.1	10.2	9.3	16.0	5.9	22.6
1976	24,975	3,313	19,632	5,311	10,081	4,240	5,344	11.8	15.0	10.3	9.4	15.8	6.0	24.9
1975	25,877	3,317	20,789	5,450	10,882	4,457	5,088	12.3	15.3	10.9	9.7	16.8	6.4	25.1
1974 [1]	23,370	3,085	18,817	4,922	9,967	3,928	4,553	11.2	14.6	9.9	8.8	15.1	5.7	24.1
1974	24,260	3,308	19,440	5,109	10,196	4,135	4,820	11.6	15.7	10.2	9.2	15.5	6.0	25.5
1973	22,973	3,354	18,299	4,828	9,453	4,018	4,674	11.1	16.3	9.7	8.8	14.2	5.9	25.6
1972	24,460	3,736	19,577	5,075	10,082	4,420	4,883	11.9	18.6	10.3	9.3	14.9	6.6	29.0
1971	25,559	4,273	20,405	5,303	10,344	4,757	5,154	12.5	21.6	10.8	10.0	15.1	7.2	31.6
1970	25,420	4,709	20,330	5,260	10,235	4,835	5,090	12.6	24.5	10.9	10.1	14.9	7.4	32.9
1969	24,147	4,787	19,175	5,008	9,501	4,667	4,972	12.1	25.3	10.4	9.7	13.8	7.2	34.0
1968	25,389	4,632	20,695	5,047	10,739	4,909	4,694	12.8	25.0	11.3	10.0	15.3	7.8	34.0
1967	27,769	5,388	22,771	5,667	11,427	5,677	4,998	14.2	29.5	12.5	11.4	16.3	9.1	33.1
1966 [1]	28,510	5,114	23,809	5,784	12,146	5,879	4,701	14.7	28.5	13.1	11.8	17.4	9.5	33.3
1966	30,424	NA	25,614	6,200	12,876	6,538	4,810	15.7	NA	14.2	12.7	18.4	10.5	33.9
1965	33,185	NA	28,358	6,721	14,388	7,249	4,827	17.3	NA	15.8	13.9	20.7	11.8	33.8
1964	36,055	NA	30,912	7,160	15,736	8,016	5,143	19.0	NA	17.4	15.0	22.7	13.3	42.7
1963	36,436	NA	31,498	7,554	15,691	8,253	4,938	19.5	NA	17.9	15.9	22.8	13.8	44.2
1962	38,625	NA	33,623	8,077	16,630	8,916	5,002	21.0	NA	19.4	17.2	24.7	15.1	45.4
1961	39,628	NA	34,509	8,391	16,577	9,541	5,119	21.9	NA	20.3	18.1	25.2	16.5	45.9
1960	39,851	NA	34,925	8,243	17,288	9,394	4,926	22.2	NA	20.7	81.1	26.5	16.2	45.2
1959	39,490	5,481	34,562	8,320	17,208	9,034	4,928	22.4	35.2	20.8	18.5	26.9	15.9	46.1
WHITE														
1977	16,416	2,426	12,364	3,540	5,943	2,882	4,051	8.9	11.9	7.5	7.0	11.4	4.6	20.4
1976	16,713	2,633	12,500	3,560	6,034	2,906	4,213	9.1	13.2	7.5	7.1	11.3	4.7	22.7
1975	17,770	2,634	13,799	3,838	6,748	3,212	3,972	9.7	13.4	8.3	7.7	12.5	5.2	22.7
1974 [1]	15,736	2,460	12,181	3,352	6,079	2,750	3,555	8.6	12.8	7.3	6.8	11.0	4.8	21.8
1974	16,290	2,642	12,517	3,482	6,180	2,855	3,773	8.9	13.8	7.5	7.0	11.2	4.7	23.2
1973	15,412	2,698	11,412	3,219	5,462	2,731	3,730	8.4	14.4	6.9	6.6	9.7	4.5	23.7
1972	16,203	3,072	12,268	3,441	5,784	3,043	3,935	9.0	16.8	7.4	7.1	10.1	5.1	27.1
1971	17,780	3,605	13,566	3,751	6,341	3,474	4,214	9.9	19.9	8.2	7.9	10.9	5.8	29.6
1970	17,484	3,984	13,323	3,708	6,138	3,477	4,161	9.9	22.5	8.1	8.0	10.5	5.9	30.8
1969	16,659	4,052	12,623	3,575	5,667	3,381	4,036	9.5	23.3	7.8	7.7	9.7	5.8	32.1
1968	17,395	3,939	13,546	3,616	6,373	3,557	3,849	10.0	23.1	8.4	8.0	10.7	6.3	32.2
1967	18,983	4,646	14,851	4,056	6,729	4,066	4,132	11.0	27.7	9.2	9.0	11.3	7.2	35.5
1966 [1]	19,290	4,357	15,430	4,106	7,204	4,120	3,860	11.3	26.4	9.7	9.3	12.1	7.4	36.1

1966	20,751	NA	16,732	4,481	7,649	4,602	4,019	12.2	NA	10.5	10.2	12.8	8.2	37.3
1965	22,496	NA	18,506	4,824	8,595	5,099	3,988	13.3	NA	11.7	11.1	14.4	9.2	38.1
1964	24,957	NA	20,716	5,258	9,573	5,885	4,241	14.9	NA	13.2	12.2	16.1	10.8	40.7
1963	25,238	NA	21,149	5,466	9,749	5,934	4,089	15.3	NA	13.6	12.8	16.5	11.0	42.0
1962	26,672	NA	22,613	5,887	10,382	6,344	4,059	16.4	NA	14.7	13.9	17.9	12.0	42.7
1961	27,880	NA	23,747	6,205	10,614	6,928	4,143	17.4	NA	15.8	14.8	18.7	13.3	43.2
1960	28,309	NA	24,262	6,115	11,229	6,918	4,047	17.8	NA	16.2	14.9	20.0	13.3	43.0
1959	28,484	4,744	24,443	6,185	11,386	6,872	4,041	18.1	33.1	16.5	15.2	20.6	13.3	44.1
BLACK AND OTHER RACES														
1977	8,304	751	7,141	1,771	4,085	1,283	1,165	29.0	34.9	28.1	26.5	38.8	15.7	35.9
1976	8,262	680	7,132	1,751	4,047	1,334	1,131	29.4	32.7	28.2	26.4	38.3	16.5	39.5
1975	8,107	683	6,990	1,612	4,134	1,244	1,116	29.3	34.0	28.0	25.3	38.9	15.6	40.9
1974 [1]	7,634	625	6,636	1,570	3,888	1,179	999	28.3	32.5	27.2	25.1	37.1	15.5	38.0
1974	7,970	666	6,923	1,627	4,016	1,280	1,047	29.5	34.7	28.4	26.0	38.4	16.7	40.0
1973	7,831	656	6,887	1,609	3,991	1,287	944	29.6	35.5	28.8	26.2	38.3	17.4	37.8
1972	8,257	666	7,309	1,634	4,298	1,377	948	31.9	37.5	31.0	27.7	41.3	19.0	40.9
1971	7,780	668	6,839	1,552	4,003	1,283	941	30.9	38.4	29.7	27.4	38.7	18.2	44.9
1970	7,936	725	7,007	1,552	4,097	1,358	929	32.0	46.2	30.7	28.1	39.6	19.5	46.7
1969	7,488	735	6,552	1,433	3,834	1,286	936	31.0	48.1	29.6	26.9	37.7	19.4	45.5
1968	7,994	693	7,149	1,431	4,366	1,352	845	33.5	46.6	32.4	28.2	41.6	20.9	45.7
1967	8,786	742	7,920	1,611	4,698	1,611	866	37.2	51.0	36.3	32.1	44.9	25.3	48.2
1966 [1]	9,220	757	8,379	1,678	4,942	1,759	841	39.8	53.4	38.9	33.9	48.2	27.7	53.1
1966	9,073	NA	8,882	1,719	5,227	1,936	791	41.7	NA	41.1	35.0	50.7	30.2	50.0
1965	10,689	NA	9,850	1,887	5,793	2,160	439	47.1	NA	46.8	39.7	57.3	35.3	50.7
1964	11,098	NA	10,196	1,902	6,163	2,131	902	49.6	NA	49.1	40.0	61.5	35.7	55.0
1963	11,198	NA	10,349	2,088	5,942	2,319	849	51.0	NA	50.5	43.7	60.9	38.9	58.3
1962	11,953	NA	11,010	2,190	6,248	2,572	943	55.8	NA	55.3	48.0	66.4	43.2	62.1
1961	11,738	NA	10,762	2,186	5,963	2,613	976	56.1	NA	55.6	49.0	65.7	44.8	62.7
1960	11,542	NA	10,663	2,128	6,059	2,476	879	55.9	NA	55.7	49.0	66.6	43.3	59.3
1959	11,006	737	10,119	2,135	5,622	2,162	887	56.2	60.8	56.0	50.4	66.7	42.5	57.4
BLACK														
1977	7,726	701	6,667	1,637	3,850	1,181	1,059	31.3	36.3	30.5	28.2	41.6	17.4	37.0
1976	7,595	644	6,576	1,617	3,758	1,201	1,019	31.1	34.8	30.1	27.9	40.4	17.8	39.8
1975	7,545	652	6,533	1,513	3,884	1,136	1,011	31.3	36.3	30.1	27.1	41.4	16.9	42.1
1974 [1]	7,182	591	6,255	1,479	3,713	1,053	927	30.3	34.3	29.3	28.9	39.6	16.4	39.3
1974	7,457	626	6,506	1,530	3,819	1,157	961	31.4	36.4	30.3	27.8	40.7	17.5	41.0
1973	7,388	620	6,560	1,527	3,822	1,211	828	31.4	37.1	30.8	28.1	40.8	18.7	37.9
1972	7,710	640	6,841	1,529	4,026	1,287	870	33.3	39.9	32.4	29.0	42.7	20.0	42.9
1971	7,396	623	6,530	1,484	3,836	1,210	866	32.5	39.3	31.2	28.8	40.7	19.1	46.0
1970	7,548	683	6,683	1,481	3,922	1,279	855	33.5	48.0	32.2	29.5	41.5	20.5	48.3
1969	7,095	689	6,245	1,366	3,677	1,202	850	32.2	50.2	30.9	27.9	39.6	20.0	46.7
1968	7,616	695	6,839	1,366	4,188	1,285	777	34.7	47.7	33.7	29.4	43.1	21.7	46.3
1967	8,486	715	7,677	1,555	4,558	1,564	809	39.3	53.3	38.4	33.9	47.4	27.1	49.3
1966 [1]	8,867	722	8,090	1,620	4,774	1,696	777	41.8	55.1	40.9	35.5	50.8	29.4	54.4
1959	9,927	711	9,112	1,860	5,022	2,230	815	55.1	62.5	54.9	48.1	65.5	44.1	57.0

[1] Revised.
NA—Not available.

Source: U.S. Bureau of the Census, "Money Income and Poverty Status of Families and Persons in the United States: 1977" (advance report) July 1978.

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This progress in reducing poverty among the aged can largely be attributed to ad hoc and automatic increases in social security benefits, especially since 1971, and the inception of the supplemental security income program in 1974 that guarantees a Federal minimum-floor-of-income protection.

The 1977 CBO study to which reference was made earlier clearly isolated what impact individual Government transfer programs had on reducing the incidence of poverty among the aged during 1 year; see table VII. If it were not for income from social insurance programs, an overwhelming 59.9 percent of all families headed by an elderly person would have fallen below the subsistence-based poverty line in fiscal 1976. Social insurance programs, dominated by social security, substantially reduced the poverty rate among the elderly during 1976 from 59.9 to 21.5 percent. Cash assistance programs, such as SSI and veterans pensions, reduced the remaining poverty rate from 21.5 to 14.1 percent.

TABLE VII.—FAMILIES BY AGE BELOW THE POVERTY LEVEL UNDER ALTERNATIVE INCOME DEFINITIONS: FISCAL YEAR 1976

Families in poverty	Pretax/ pretransfer income	Pretax/ postsocial insurance income	Pretax/ postmoney transfer income	Pretax/post-in-kind transfer income [1]		Post-tax/post-total transfer income [1]	
				I	II	I	II
Under 65:							
Number in thousands	11,789	8,994	8,029	6,710	5,463	6,886	5,615
Percent of under 65	18.6	14.2	12.7	10.6	8.6	10.9	8.9
65 and over:							
Number in thousands	9,647	3,459	2,686	2,268	977	2,279	982
Percent of 65 and over	59.9	21.5	16.7	14.1	6.1	14.1	6.1

[1] Column I excludes medicare and medicaid benefits received by families participating in those programs; column II includes medicare and medicaid benefits.

Source: Appendix table A-8, "Poverty Status of Families under Alternative Definitions of Income," Congressional Budget Office, revised June 1977.

In-kind benefit programs, such as medicare/medicaid and food stamps, also made an important contribution to supplementing the elderly's income. According to the same CBO study, when the value of these in-kind benefits is cashed out and included in income, the percentage of elderly falling below the poverty line in fiscal 1976 was reduced even further, from 14.1 to 6.1 percent—after accounting for taxes. Although calculating the exact impact of in-kind benefits on income status yields some interesting findings, our associations do not believe the resulting CBO poverty data should be accepted as a new measure of poverty, especially for the purpose of comparing poverty rates among age groups. Of all the benefits in the CBO's in-kind category, medicare/medicaid benefits contribute the most "income" to the elderly—the sicker you are, the richer you are? Receipt of these sometimes large medical benefits is, of course, dependent on the incidence of illness, which happens to be higher among the elderly than other age groups.

But what these CBO statistics do indicate is that, of all the Government programs benefiting the elderly, social security contributes the most toward reducing poverty. However, cash assistance programs, backed by in-kind benefits, have also come to share a good portion of

the burden of income maintenance for the elderly. More importantly, however, these statistics demonstrate just how dependent the elderly are on Government transfer programs.

A second trend evident in examining poverty data is that the incidence of poverty is higher for the age 65-plus population than for the overall population. In 1977, according to Census Bureau statistics, 11.6 percent of all persons fell below the poverty line in contrast to 14.1 percent of persons age 65 and over. While the elderly represented only 11 percent of the total population in 1977, they represented 13 percent, or 3.2 million, of the poor population. Similarly, in 1977, 16.7 percent of the total population fell into the "near poor" category—defined as 125 percent of the poverty standard—while a much larger 24.5 percent of the elderly were considered near poor. None of the Census Bureau statistics include institutionalized elderly persons, of whom an estimated one-half million are thought to be poor.

The elderly's comparatively adverse income status is further substantiated when median income levels are examined. Since 1960, the aged have consistently had median income levels equal to roughly half of the younger population. Table VII illustrates this trend from 1960 to 1975.[1] In 1975, the median income of families headed by elderly individuals was $8,057, in contrast to $14, 698 for families headed by persons under age 65. Elderly persons living alone are characterized by even greater economic deprivation. The median income for elderly unrelated individuals in 1975 was $3,311 as compared to $6,460 for their younger counterparts.

TABLE VIII.—TRENDS IN MEDIAN MONEY INCOME OF FAMILIES AND UNRELATED INDIVIDUALS BY AGE, 1960-75

Year	Families			Unrelated individuals		
		Heads, 65 plus			65 plus	
	Heads, 14-64 amount	Amount	Percent of 14-64	14-64 amount	Amount	Percent of 14-64
1960	$5,905	$2,897	49.1	$2,571	$1,053	41.0
1961	6,099	3,026	49.6	2,589	1,106	42.7
1962	6,336	3,204	50.6	2,644	1,248	47.2
1963	6,644	3,352	50.5	2,881	1,277	44.3
1964	6,981	3,376	48.4	3,094	1,297	41.9
1965	7,413	3,514	47.4	3,344	1,378	41.9
1966	7,922	3,645	46.0	3,443	1,443	41.2
1967	8,504	3,928	46.2	3,655	1,480	40.5
1968	9,198	4,592	49.9	4,073	1,734	42.6
1969	10,085	4,803	47.6	4,314	1,855	43.0
1970	10,541	5,053	47.9	4,616	1,951	42.3
1971	10,976	5,453	49.7	4,783	2,199	46.0
1972	11,870	5,968	50.3	5,018	2,397	47.8
1973	12,935	6,426	49.7	5,547	2,725	49.1
1974	13,823	7,505	54.3	6,080	2,984	49.1
1975	14,698	8,057	54.8	6,460	3,311	51.3

Source: Herman B. Brotman, "Income and Poverty in the Older Population in 1975," The Gerontologist, XVII, No. 1 (1977), p. 23, quoting U.S. Bureau of the Census data.

These comparative statistics indicate that, although we have made great progress toward reducing poverty and improving the economic status of the elderly, much remains to be done. It is true that persons reaching retirement age today are relatively better off than their

[1] Although these Census Bureau statistics do not account for the impact of taxes, the trends and disparities in income levels would be relatively similar.

predecessors; but nevertheless, reaching age 65 for many persons still significantly increases the probability that they will suffer a severe loss of income and often face impoverishment, and that probability increases as the annual inflation rate spins at higher rates.

The Goal: Earnings Replacement

If we are to move toward the goal of gradually restructuring the social security system into a national pension system that has earnings replacement as its sole—or at least clearly dominant—function, we must begin now to make changes which will insure that the underlying cash and in-kind support programs will be able to take up the present minimum-floor-of-income protection function and adequately serve those elderly who would otherwise be in poverty. Benefits available under the new national pension system would be related to previous employment and earnings, not to the needs of beneficiaries, and, therefore, would be less than adequate for many beneficiaries.

The supplemental security income program must be looked to as the main policy instrument available to us to provide the sort of safety net that would guarantee minimum income protection and supplement low social security benefit levels. However, any transitional reordering of the present income maintenance structure, because of its massiveness and complexity, must be made in any incremental manner so that the millions of persons who are already extremely dependent on existing programs would not be hurt in the process.

Since the creation of SSI, several incremental improvements have been made in its benefit levels and eligibility structure that have been of great value to recipients. Our associations hope that Congress will continue in this spirit of making incremental, but extremely necessary, improvements in SSI because this permits us to move gradually closer to the ultimate goal of comprehensive restructuring. Some of the more significant improvements enacted to date include: Automatic annual cost-of-living increases in payment levels so that recipients have some protection from inflation, a requirement that States which supplement Federal SSI levels pass through to recipients any Federal cost-of-living increase, the exemption of the total value of one's home in determining eligibility, the provision of automatic eligibility for food stamps, and the preservation of medicaid elgibility for persons who lose their eligibility for SSI because of a Federal cost-of-living increase.

To facilitate the more complete transition of SSI into an income support program capable of carrying the largest part of the minimum income protection burden currently being borne by social security, our associations see three major areas of change necessary in the current SSI structure. These areas involve payment levels, employment, and assets limits. The first priority recommendation on our agenda for the SSI program is to raise Federal payment levels to at least the officially defined poverty level. Current SSI levels fall far short of the poverty line, guaranteeing eligible aged individuals an annual income of only $2,373 and married couples only $3,413. This liberalization in payment levels is obviously the most needed change if we are ever going to approach making SSI an income support program that is adequate.

State supplements to this Federal poverty level payment should be encouraged by having the Federal Government share a portion

of the cost of supplementing so that recipients can be compensated partially for regional cost-of-living variations. Some States, approximately 23, already augment the Federal SSI benefit to varying degrees under current law, but as we have seen recently in California these supplements can easily become victims of State fiscal pressures, and therefore, need some Federal financial backing.

Because participation of the elderly poor in the food stamp program has been low—only one-quarter of the elderly estimated to be eligible actually do receive them—cashing out food stamps and combining them with SSI benefits into a single cash payment would ultimately benefit the majority of aged SSI recipients. For this reason, we support the eventual cashout of benefits but with safeguards that the value of the food-stamp benefit component will be preserved and adequately cost-indexed. The value of food stamps cannot be preserved in any reform effort which combine SSI and food stamps into a single cash payment that falls below the poverty level. Therefore, we do not support welfare reform proposals which cash-out food stamps by providing a small increase in SSI payment levels and at the same time deny SSI recipients food-stamp eligibility.

To facilitate better coordination between SSI and social security payments, the partial disregard of unearned income—usually social security benefits—existing under current law should be made on a progressive rate basis rather than on a flat dollar basis. Under the current structure, even though SSI payment levels are indexed in the same manner as social security, many recipients experience a partial decrease in their SSI payment as a result of social security cost-of-living increases, and some may even lose their SSI eligibility totally. Changing the present flat $20 unearned income disregard to a 20-percent disregard above that base would, in our view, alleviate this situation and result in improved program coordination.

Employment Incentives

Providing employment incentives, and eliminating disincentives, is the second major area of SSI reform. First, we believe the current 50 percent SSI benefit reduction rate for all earned income over $65 per month is an extreme deterrent for recipients who might want to work. This $65 disregard, which was established over 4 years ago, is not only outdated but was initially set at far too low a level. The earned income disregard should be raised substantially—possibly to a level equivalent to the present social security earnings limit—and automatically indexed.

Second, the Federal Government must actively create public service job opportunities specifically for SSI recipients and back up this effort by providing a job training and referral mechanism through offices administering SSI payments. While we shall have much to say on employment and the elderly in part III of this statement, we would like to say here that our associations are extremely dissatisfied with the complete disregard of elderly workers in the administration's welfare reform proposal. Not only would it have treated earned income more harshly than SSI does, but old people would have been inelligible for any of the 1.4 million jobs the program would have created. Government continues to view the older worker as it views the buffalo.

The third major area of SSI reform relates to the assets test. In

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addition to the problem of creating jobs and providing work incentives, the current SSI structure strongly discourages saving among low-income individuals and denies payment to needy persons through the application of severe assets limitations. Our associations understand the intent of Congress in imposing an assets test for SSI eligibility that would prohibit persons who are not really lower income individuals from receiving benefits. However, we believe the assets limits under current law are overly and unnecessarily restrictive and have the effect of denying SSI eligibility to many truly poor and needy elderly persons. It has been estimated that 12 percent of elderly families whose incomes fell below SSI payment standards were denied SSI assistance strictly as a result of the assets test.[1] The elderly in particular are unfairly penalized by assets limits because, unlike younger persons, they tend to have higher assets simply because they had a lifetime to accumulate them. By any standard, the assets of many low-income elderly are not excessive yet they do not come within the restrictive limits and exclusions prescribed under SSI.

Some limited progress with the assets test is being made. In 1976, Congress decided to disregard the total value of a person's home in determining SSI eligibility. The Social Security Administration also recently proposed to increase the resource exclusions—those resources not counted toward the asset limit—permitted for the "reasonable" value of household goods, personal effects, and an automobile. These exclusions were defined in 1973 based on 1972 data and since then have not been updated to take account of the effect of inflation on such assets.

Our associations feel that more substantial liberalization is needed of the present assets limits, which are $1,500 for individuals and $2,500 for married couples. These limits should be raised to more realistic levels—such as $3,500 for individuals and $5,000 for couples—and cost-indexed to keep pace with inflation. As we look toward a major restructuring and rationalization of the current SSI and social security programs, our associations see the need for a close examination of equitable ways in which the assets test could be completely eliminated or at least its effects on eligibility substantially neutralized—certainly when it is obvious that retention of assets is needed to maintain an adequate standard of living and, furthermore, the assets could not be converted into income without lowering the standard of living.

III. Employment

The recent concern with the long-term financing problems of social security has highlighted the growing dependency ratio—the percentage of nonworkers, particularly the elderly, to workers in the population. This has reawakened the interest of some economists and policymakers in the way labor markets work for older persons. In view of future demographic trends, it has become increasingly apparent that policies which make for early labor force withdrawal are imposing serious and unnecessary costs on our economic system and are in need of reversal. Interest has recently been raised in the use of employment strategies, particularly part-time labor market opportunities, as income supplementation mechanisms for the already retired. Additionally, the role of

[1] Moon, Marilyn. "Treatment of Assets in Cash Benefit Programs for the Aged and Disabled." Technical paper prepared for the Federal Council on Aging Study entitled, "The Treatment of Assets in Income-Conditioned Government Benefit Programs" (Sept. 1, 1977).

poorly functioning labor markets as a causal force in the retirement decision itself is being explored by a number of researchers and it has been recognized that with an earnings related retirement system such as social security, employment problems in later years have a particularly adverse impact on earnings histories and hence income, once retirement does occur.

It is also obvious that despite the new recognition that what goes on in labor markets is important to older persons and to the retirement systems that serve them, those markets do not perform particularly well for this segment of the population, especially the unemployed older worker. In 1977, unemployed workers 45 years of age or older remained out of work an average 7 to 10 weeks longer than their younger counterparts. In that year, unemployed workers in this age group comprised 22 percent of those out of work for 15 to 26 weeks and 32 percent of those who had not been employed for 27 weeks or more.

Dr. Marc Rosenblum of the National Commission on Employment and Unemployment Statistics has measured the extent of the "discouraged worker" phenomenon and found that persons over 55 years of age contain the single largest population of persons discouraged from the job search because of job market reasons. Among males under 55, there are 4 discouraged workers for every person counted as unemployed while among those 55 and above, there are 37 discouraged for every person in the unemployed category.

On the positive side, it is generally not recognized just how extensive labor force participation by older persons really is. In 1974, while the participation rate for persons 65 and older was 22 percent for men and 8 percent for women, some 35 percent of the men and 17 percent of the women did some work for pay during the year. Focusing only on those persons 65 to 69, the percentage increases to 45 percent and 22 percent. Among the relatively "young" elderly, persons 60 to 64, the percentages with some labor force involvement over the year were 78 percent and 43 percent. Again, focusing on the 65-plus population, what goes on in the labor markets directly affects the 6 million people who participate in them directly and an additional 2½ million nonworking dependent spouses. In brief, it is inappropriate to chronologically split the population into younger working people and older "retired," nonworking ones.

Although work and the income derived from it is an integral and important part of the overall income maintenance system and an important component of the income stream of the current elderly generation, we have too little information on the workings of the labor market for older people.

Employment rates for the population 55 and older are dropping and dropping at an increasing rate. It is well known that the average annual employment rate among persons 63 and older has been declining for two decades. Virtually ignored, however, is the parallel trend, particularly after 1968, for persons 55 to 65.

As indicated in table IX, the mean percent change in the employment rate for men 55 to 64 over the period 1969 to 1975 has been around 1.6 percent a year. This rate of decline has been increasing by about 13 percent a year. For females in the same age group, the decline has been slower but a decline nevertheless. For persons 55 and older, the

decline has averaged about 2 percent a year over this period and the rate of decline has been increasing by about 7 percent a year.

TABLE IX.—ANNUAL AVERAGE EMPLOYMENT RATES

Year	Persons 55 plus	Males		Females	
		55-64	65 plus	55-64	65 plus
1961	36.8	80.5	27.3	36.1	9.5
1969	37.0	79.6	25.6	41.2	9.1
1970	36.3	78.5	25.9	41.1	8.8
1971	35.7	77.3	23.6	40.9	8.5
1972	35.0	76.6	22.5	40.5	8.5
1973	33.9	75.1	21.0	40.0	8.2
1974	31.1	74.4	20.8	39.1	7.5
1975	32.0	71.5	19.7	38.6	7.4

What is important for present purposes is recognition of the fact that more and more older persons, at an earlier age, are becoming dependent on sources of income other than that derived from employment and that this trend is accelerating. This increasing dependency has implications for all of our income transfer mechanisms and to the extent that this declining labor force activity rate is reflective of withdrawal by productive, willing and able workers, implications for national output as well.

The Federal policy response to older worker empoyment problems is found in two major programs. The senior commmunity service employment program—SCSEP—funded under title IX of the Older Americans Act provides approximately 50,000 part-time job slots to workers over 55 years of age who have experienced chronic unemployment problems and are below federally established poverty levels at program entry. The program is administered by five national contractors [1] and although it has historically been primarily operated as an income maintenance program with work elements attached, in recent times it has been moving in the direction of a bona fide manpower program with increasing emphasis on unsubsidized job placements in both the public and private sector. Originally organized under Operation Mainstream, SCSEP is the only categorical program focused on the employment problems of older workers.

The other primary vehicle for dealing with the employment difficulties of older persons is the CETA program. It has been well documented, however, that in spite of the need for employment assistance, older worker participation in the CETA program has been well below what might be expected on the basis of the size of the older worker unemployed pool. Although in 1977, workers 45 and older comprised 13.2 percent of the unemployed, only 10 percent of CETA participants were in this age group with the percentage declining dramatically with age. Workers 65 or older were 5 percent of recorded unemployed in that year but only 1 percent of CETA participants were in this age group. To date, there has been little or no official explanation for CETA's relative inability to provide more employment opportunities for older workers.

It has been suggested that since CETA prime sponsors are required to place at least half of their terminated enrollees into unsubsidized

[1] The United States Forest Service, Green Thumb, the National Council on Aging, our own National Retired Teachers Association-American Association of Retired Persons, and the National Council of Senior Citizens.

employment, the probability that an applicant will be selected for initial enrollment very much depends upon his or her likely employability, with those most likely to be placed, most likely to be initially enrolled in the program. This has been caled the "creaming" phenomenon.

Since project directors must work in markets that are biased in favor of younger workers and since placement rates are a direct and important measure of a project director's perfomance, it is likely that this hypothesis is correct. Additional evidence of this phenomenon can be found in the performance statistics of the U.S. Employment Service. Once referred to an employer, older and younger workers have essentially the same probability of being hired. However, in 1974 only 18 percent of those seeking work who were 65 or older and only 21 percent of those 55 to 64 were ever referred to an employer for a job interview. Fifty-two percent of applicants under 22 received such a referral. Given that we know that older workers are on average less likely to find employment once unemployed and that job service referred older workers are just as likely as younger referrals to be hired once referred, it seems quite likely, that only "better" older workers are being referred for interviews. It seems clear that any attempt to improve the functioning of employment programs for older workers, of necessity, requires more complete documentation and understanding of this phenomenon.

An additional conjecture concerning the relatively low participation rate of older workers in the CETA program has recently been offered by Secretary of Labor Ray Marshall. He has suggested that prime sponsors tend to deemphasize the needs of older workers in CETA because of the existence of the categorical older worker program, SCSEP. Again, just as with the phenomenon discussed previously, there is little if any evidence to support this conjecture.

In summary, although older worker employment and labor market strategies are taking on new importance and although older persons experience several, and to a great extent unique, problems in the labor market, governmental response to these problems has been primarily limited to two major programs: CETA and the categorical SCSEP. The former is not doing much for the older worker for reasons still unclear and the latter is much too small and restrictive, employing less than 50,000 of the estimated 5 million who would qualify under age and income guidelines.

SCSEP Evaluation

In June 1976, our associations decided to evaluate our senior community service employment program and to develop information which was at that time unknown: How long does it take to get a permanent job placement, and what does it cost? How long does the ex-enrollee stay on the job once hired, and how well does he or she perform after placement? What is the level of income transfer payments received by enrollees prior to entering the program, and how much is saved when they are enrolled? In short, does the program really work, and if so, how well?

In July 1976, funding became available to enroll 400 additional persons in our own SCSEP. Accordingly, survey instruments were prepared and distributed to the project sites slated for expansion. Simul-

taneously, survey instruments were distributed to employers who had permanently hired enrollees during the June 1974–June 1976 contact period.

Although the data used in this evaluation was drawn from the NRTA–AARP program, many of the findings generally apply to the program run by the four other sponsors as well. The principal differences between us and other sponsors are that we administer the program directly rather than by using subcontractors, and that we view permanent job placement of enrollees on employers' payrolls as the primary program objective.

It was found that enrollees were on the SCSEP payroll an average of 47 weeks before permanent employment was offered and accepted. Termination data collected from the employers indicated that the SCSEP placement, once hired, was quite likely to stay on the job. Over the 29 months for which data were available, the termination rate averaged less than 2 percent per month and declined the longer the person worked for the employer. Regression estimates, using this data, indicate that the average time an SCSEP placement will remain on the job after accepting permanent employment is 47 months.

At the time the permanent hiring occurred, enrollees received an average hourly wage increase of 14 percent. This is clear evidence that over the 47-week subsidy period, the value of the work performed for the employer and the value of the work to society more generally, was at least equal to—and, in fact, exceeded—the wage actually paid. Additionally, after becoming permanent employees, ex-enrollees received annual wage increases of 8 percent per year.

Ex-enrollees received high evaluations from their employers in eight aspects of job performance. Overall, 53 percent of the placements were regarded as above average or outstanding employees relative to their coworkers.

Also, it was found that, on average, new enrollees had not held a job for 2.2 years; that 50 percent of the enrollees had been unemployed for at least a year; and that 28 percent had been jobless for more than 2 years. On the last job held prior to employment, the average hourly wage earned was $2.54, with 50 percent of the new enrollees earning less tha $2.30. Savings to the unemployment compensation system were probably small, due to the short duration of remaining benefits at the time of SCSEP enrollment. But, at the time of enrollment, approximately 29 percent of the new enrollees were receiving food stamps with an average subsidy or bonus amount of $48 per month. The SSI program was paying an average of $65 per month to 16 percent of the new enrollees at enrollment. These participation rates and benefit amounts were highly consistent with findings of previous studies of these two transfer programs.

Given the wage rate paid by SCSEP, all benefits from these two programs would be lost by enrollees upon joining the program. Therefore, on average, the food stamp and SSI programs save $24 a month, 0.29 multiplied by $48 plus 0.15 multiplied by $65, whenever SCSEP adds a person to its rolls, and the programs continue to save this amount for as long as enrollees stay in SCSEP or remain employed once placed in permanent jobs.

Various components of costs and benefits associated with the permanent hiring of an SCSEP enrollee were estimated and, together with information developed from the two surveys, used to calculate

an approximate and very rough benefit-cost ratio, internal rate of return, and net present value of SCSEP permanent placement. An ex-enrollee returns $1,039 more per year in tax revenue to all units of Government, and $390 more in tax revenue to the Federal Government, than it costs in tax revenue to find him or her a permanent job. The placement of an enrollee in a permanent job yields a rate of return to all taxpayers of approximately 16 percent per year and to the Federal Government of approximately 6 percent a year.

As our study did not have a control group available, we had no way of estimating what percentage of these benefits would have occurred without SCSEP. We believe, however, that, given the characteristics of SCSEP enrollees found in the new enrollee and employer surveys, the employment prospects of the enrollee were poor. Therefore, it is our opinion that very little of the tax revenue returned would have been captured without SCSEP efforts to find enrollees jobs.

The permanently hired SCSEP enrollee produces approximately 15,400 dollars' worth of economic output during the time spent on the program and after permanent hiring, resulting in a net gain in economic output of about $12,900 per permanently hired enrollee over the 58-month period. If the 1,700 ex-enrollees placed in permanent jobs by our NRTA–AARP SCSEP during the June 1974–June 1976 contract had only earned the average minimum wage prevailing over that period—and we know they earned more—the net gain in economic output would have totaled approximately $18.5 million.

Urgent Need for Work Strategy

It should be clear from the preceding discussion of labor force trends and rising dependency ratios and the gross inadequacy of the Government's public policy response to date, that a work and employment opportunity strategy for older persons—one that represents a rational response to these problems—is urgently needed. There are great benefits to be derived from devising and implementing such a strategy. Given the national commitment to the maintenance of reasonable levels of income among the elderly, any share of that income that can be generated through the work effort of willing individuals represents a share that need not be borne by the taxpayer. Clearly, additional work opportunities benefit older individuals as well, raising their standard of living, providing them with a greater feeling of independence and self-determination and improving their prospects for maintaining their living standard in the face of serious inflation. Just as clearly, the Nation as a whole would benefit from the gains in national income and tax collections that would result from our getting the most from our previous investment in training, education, and experience embodied in older persons.

If we are to devise and implement a national, coordinated older worker strategy, we must, in the process, divest ourselves of some of the "tenets" about jobs and job markets that have been proved fallacious by the march of events. For example, it is widely held that the number of jobs in the economy is fixed, and must be reserved for the young. Continued adherence to this belief virtually requires one to ignore the enormous expansion of job opportunities that the current

business cycle recovery has generated—opportunities that extraordinary numbers of married women have taken advantage of to enter the labor force.

Our associations believe that a significant portion of the persistent hard core inflation rate, which has become part of the annual economic scene, is the result of the fact that by our laws, prejudices, and customs we have kept too many of the old, and the young, out of the labor force. When we successfully induce more of them back into the great productive stream of the country we will be easing many of our severe economic problems. More hands will help.

The first element for inclusion in a national strategy to expand employment opportunities for older workers and induce greater labor force participation is the elimination of existing employment barriers.

In our view, there is no greater barrier to the employment of older citizens than the existence of legal sanctions that permit discrimination. Unlike the Federal fair employment laws that protect all women and members of racial minorities; the fair employment statutes protect only some older citizens and prohibit only some discriminatory practices.

For over two decades our associations have sought to persuade legislatures and courts that mandatory retirement violates basic constitutional rights. Mandatory retirement is a practice that dismisses from employment many individuals who are competent to work and who may want to keep on working, dismisses them for an arbitrary reason—their date of birth. Certainly, this committee is familiar with the psychological and cost consequences of arbitrary, forced retirement. Indeed, the work of this committee was instrumental in focusing national attention on the evils of forced retirement and the prevalence of age discrimination.

There are at least 2.1 million older citizens willing and able to work in an enforced retirement today. Those over 65 have not had legal recourse against discriminatory decisions denying them work.

Earlier this year, Congress acted to limit the practice of forced retirement and to strengthen the protections of the Age Discrimination in Employment Act. The associations advocated those changes and supported efforts to secure enactment. Those amendments prohibit almost all mandatory retirement imposed earlier than 65; with a few exceptions forced retirement before 70 will be unlawful next January 1. As a consequence, it is anticipated that a quarter of a million older people each year will extend their employment careers. This protection of the ADEA will extend to people under 70. At the end of this month, most Federal employees will be protected completely against age-based retirement.

Although the associations fully supported these statutory changes, the fact is that Congress took only a limited step. Association members are at work trying to persuade State legislatures to join Florida and California in outlawing forced retirement. NRTA-AARP will continue to support litigation challenging the constitutionality of mandatory retirement and we will continue to advocate and support legislation to repeal the statutory sanction for forced retirement and the statutory exclusion of all those over 70 from enjoying the rights created by the ADEA. Finally, we will continue to urge employers to hire those older citizens who want to work and are fit to work. There

can be little doubt that legally sanctioned forced retirement must end, if the expansion of employment opportunities and the creation of work incentives aimed at older persons are to be successful in reversing the downward trend in elderly labor force activity.

Work Disincentives

Paralleling the need to eliminate existing barriers to employment there is the equally acute need to eliminate existing work disincentives. Chief among these is the social security earnings limitation. Our associations want it abolished, not because we are insensitive to social security's financing problems, not because we are iconoclastic about the social insurance nature of the system, and not because we favor elderly "fat cats," but because we firmly believe that, as an economic matter, the earnings test already costs society more than its worth and will cost even more in the future. In addition, the elderly detest it.

Given this country's historical predisposition to the work ethic and the fact that the only income-related means test imposed by the social security system is on earned income, it ought to be clear why the test is so unpopular among the elderly and why it is so frequently the target of congressional proposals. It is defended, however, on a number of grounds. First and foremost, it is argued that abolition of the test would be costly to social security, which is already under severe financial strain.

Some estimates have put a price tag on complete elimination of the earnings test at close to $7 billion in increased social security outlays. Unfortunately, there are no estimates of what the existence of the test now costs the overall economy in lost production or of the costs to the Government in forgone income and social security taxes. But, even if there were, we do not know what effect such estimates would have on the cost argument, particularly in view of Congress' tendency to compartmentalize program financing and view social security as if it existed in a vacuum.

Second, it is argued that the elimination of the test would fundamentally change social security from a social insurance program to an annuity payable upon reaching a specific age. In this view, social security dollars are intended for the retired and the retirement test provides a functional test to establish just who is retired and who is not.

Third, the distributional consequences of an earnings test elimination appear to favor those elderly persons in relatively higher income brackets—a not too surprising result in view of the fact that social security is an earnings-related system. Other things being equal, persons with a higher earnings capability are more likely to encounter a test based on earnings levels and are also more likely to have accumulated a higher level of wealth, including social security wealth, over their lifetimes. Because of this, apparent channeling of limited social security resources to the "wrong" people, it is argued that rather than eliminate the test, the billions of additional outlays should go to low income, nonworking older persons instead. Aside from the fact that this "alternative" has no potential economic gains associated with it and is hence more costly and at least as unlikely to actually be undertaken, this line of argument seems more appropriate to an income-tested, welfare program rather than one based on "earned right" and earnings-

related benefit levels. It must be restated that the only income test in social security is the earnings test—a test aimed only at earned income.

Finally, although the argument is rarely made explicitly, the retirement test is defended as a means of improving the employment prospects of younger workers. Organized labor and some organizations of retired union members have been consistently and strongly opposed to the elimination of the retirement test and although lip service is paid to the cost, annuity and distributional arguments, it seems likely that these organizations favor the retirement test for the same reasons that they have tended to favor mandatory retirement. Chief among these is a dedication to supply control and the belief that making reduced employment a condition of the receipt of social security benefits opens up positions for younger union members and keeps the retired from reentering the labor market to compete for jobs, perhaps offering their services at lower than market rates.

Research on Earnings Limit

Prior research on the earnings limit has focused on three areas: the effect of the test on workers' earnings, the effect on labor force participation and recently, the distributional consequences of test modification or liberalization.

Sander, 1968, evaluated the 1963 data from social security's 1 percent continuous work history sample. In that year, there was a $1,200 exempt amount, a 50-percent rate from $1,200 to $1,700 and 100 percent thereafter. Examination of the earnings distribution of workers 63 to 71 years old revealed a strong clustering of earned income around the exempt amount but no clustering around earnings of $1,700, the point at which the 100-percent tax rate became effective. The amount of annual exempt earnings had a considerable effect on the beneficiaries' earnings but the reductions did not. Beneficiaries did not noticeably differentiate between the $1 for $2 and the $1 for $1 reduction provisions in determining their earnings levels after they became entitled to benefits.

In a later study, 1970, Sander looked at the effect of changes in the earnings distribution when the earnings limit was liberalized. In 1966, the level of the exempt amount was raised for the first time since 1955. Beneficiaries were allowed to earn $1,500 without penalty—an increase in permissible earnings of $300. The 50-percent range went up from $1,200–$1,700 to $1,500–$2,700. Examining the earnings distribution of beneficiaries for 1966, he found that "* * * a fairly large number of workers responded to the higher annual exempt amount by increasing their annual earnings * * * from about $1,200 to about $1,500 a year." Second, most workers affected by the extension of the 50-percent and 100-percent brackets did not alter their earnings levels. Some men did, however, reduce their earnings to get from the 100-percent range to the 50-percent reduction rate—an effect quite consistent with theoretical expectations.

Vroman, 1971, also studied the labor force response of social security beneficiaries when the social security benefit level and retirement provisions were adjusted upward by the 1965 Social Security Amendments. Like Sander, he also used the 1 percent continuous work history sample. His major finding was that "* * * over 10 percent of the

working retirement beneficiaries raised their earnings from $1,200 in 1965 to $1,500 in 1966 and 1967 in response to the revised earnings test." He also found that very few beneficiaries had earnings in the 50 percent tax range, and that liberalizations in the system caused by the 1965 amendments increased both the social security benefit application rate and the overall percentage of beneficiaries who did some work over the year. He did not find workers in the $2,800 to $4,799 earnings range reducing their earnings to below $2,700 to avoid the test, however, as Sander did in his study.

A 1976 study by Boskin examined a sample from the University of Michigan panel study of income dynamics which tracked the economic situation of 5,000 American families from 1968 through 1972. He extracted a sample of 131 households headed by white married males aged 61 through 65 for all 5 years. Using several definitions of "retirement" his results "* * * suggest that a decrease in the implicit tax rate on earnings from one-half to one-third would reduce the annual probability of retirement by almost 60 percent."

Ling, 1975, investigated the characteristics of retired worker beneficiaries who actually bore the test in 1971 losing some or all of their benefits because of earnings over the exempt amount. In that year, approximately 1.5 million retired worker beneficiaries aged 62 to 71, 20 percent of all retired workers, lost $2.2 billion in benefits, roughly 71 percent of what they would have received had the program not been earnings tested. About 70 percent of the group were men. Of beneficiaries 62 to 71 years old, 17 percent were 62 to 64 and 83 percent were 65 to 71 while among benefit losers, 12 percent were 62 to 64 and 88 percent were 65 to 71. Information was also presented on earned, but not total, income for those who exceeded the exempt amount. Only 18 percent of 275,000 people had earnings in the 50 percent range of $1,681 to $2,880. The remainder had earnings in excess of $2,880 and 51 percent of the benefit losers had earned income in excess of $5,000.

Schulz, 1976, investigated the distributional consequences of changes in the earnings test more explictly. Again, within a social security flow of funds concept, the "affected" population was defined to be only persons earning in excess of the exempt amount. He concluded that complete abolition of the test would have particularly "adverse" distributional consequences with more than 50 percent of the new benefits going to families in which income would be greater than $10,000 per year. In fact, 20 percent of the benefits would go to families above $20,000 and only 38 percent to those with incomes less than $10,000. After testing a number of alternatives, he concluded that returning to the three-tier test of 1971, but with much lower effective tax rates, would concentrate benefits in the under $10,000 class—as would many of the two-tier alternatives—and would also be relatively less costly compared to today's system with a flat 50-percent rate.

Finally, a very recent study by Marshall R. Colberg of the American Enterprise Institute has found that elimination of the retirement test would generate new revenues to the Treasury in the neighborhood of half a billion dollars. He concludes that not only should it be eliminated but that, until it is, "the socially useful monthly test—renewed by last year's social security amendments—should be restored."

Summarizing prior research on the test, it is clear that workers attempt to control their earnings to avoid it. Sander, Vroman, and

Boskin all found evidence of this effect and in fact evidence as well that the exempt amount is viewed as an earnings ceiling by many older workers. Ling and particularly Schulz have documented the fact that complete abolition of the test would tend to direct social security dollars to families and individuals at the higher end of the elderly income distribution. It is less clear, however, what the effect of the earnings test is on various labor market indicators like unemployment rates, labor force participation rates, and the percentage of elderly persons employed over the year. Vroman found that liberalizing the retirement test increased the percent employed; and Boskin's findings imply a strong effect on the labor force participation rate. These findings are not, however, considered conclusive on this issue.

Recognition that older workers attempt to control earnings so as to avoid high marginal tax rates implies that the earnings test does indeed have effects on labor force participation. Earnings control can only be accomplished by the control of hours at work and although there are some jobs flexible enough to permit year-round, low-hour employment, for a significant proportion of elderly workers, the only means of controlling earnings is to leave employment before exceeding the exempt amount. Hence, although the test does not affect labor market entry, it may affect labor market exit and make job turnover higher than otherwise be the case.[1]

If the retirement test does increase turnover by forcing people out of the labor force sooner than would otherwise be the case, it has implications for distributional issues as well. In both the Schulz and Ling studies, the "affected" population were those who actually bore the test. If a substantial number of elderly workers drop out prior to having benefits reduced, however, the actual number of "affected" people is some multiple of those who actually lose benefits. It is likely, as well, that since these people have relatively low earnings they are of relatively low total income levels as well. Hence, although the distribution of additional social security dollars would still go to the relatively well off, the distribution of the total economic benefit from earnings test abolition would certainly be less skewed.

It is clear to our associations that having a provision in the social security system which causes people to limit their work effort, itself, imposes a significant cost on taxpayers—a cost that those who support retention of the test choose to ignore. Potentially productive people who could be supplementing their income through their own efforts and contributing to national output are instead forced to remain idle. If only 1 million older people reentered the labor market on a part-time basis, even earning at the minimum wage, the increase in gross national product that would occur would exceed the $2.9 billion that the Social Security Administration recently estimated would be the annual cost of repealing the test for persons age 65 and over.

[1] The effect of this higher turnover depends upon the degree of labor market segmentation. With a highly segmented market, the likelihood that an unemployed older person will find a job depends upon turnover among the employed elderly. In this case, the earnings test causes the unemployment rate and durations of unemployment among older people to be lower than would otherwise be the case. It also reduces the labor force participation rate and increases the number of older people who do some work for pay over the year, essentially by distributing a limited number of "elderly jobs" to more people. Where there is no market segmentation, however, the elderly unemployment rate is likely to be higher than would otherwise be the case, as both the elderly and nonelderly are in competition for the opening caused by the earnings test. Labor force participation is again lower because of the additional exit and it is likely that the number of elderly persons employed over the year will increase by less, if at all, than the segmented case.

It is also clear to us that additional workers are additional taxpayers and additional tax receipts should be taken into account whenever the subject of cost is raised. If the test were eliminated only for persons age 65 and older, the estimates of the gain in income tax receipts and social security tax receipts—indeed, tax receipts of all kinds. It appears quite likely that the cost in terms of lost output and tax receipts of continuing the earnings limitation is greater than the cost of the repeal.

To the argument that repeal of the limitation would primarily benefit the relatively higher income elderly and not older persons of low income, we would like to note that the working elderly are higher income when compared to their nonworking counterparts solely by virtue of the fact that they work, not because they are wealthy, and that compared to younger workers, even the working elderly are of relatively low income. More importantly, however, there is a large group of hidden beneficiaries who are of relatively low income that the supporters of the earnings limitation also choose to ignore. The studies reviewed above have clearly documented the fact that large numbers of low-income working elderly deliberately hold their earnings down and drop out of the labor force rather than bear the incredibly high 70-percent tax rate the earnings limitation imposes. Since these people do not actually have their social security benefits reduced, they are not counted as potential beneficiaries, when in fact repeal of the test will permit large numbers of those people to earn additional income to supplement and improve their standard of living.

Summary on Earnings Limit

In summary, we advocate repeal of the earnings limitation because it will in fact benefit large numbers of low income elderly people and because the limitation now imposes a substantial cost on taxpayers through the loss of gross national product and tax revenues—costs we can no longer ignore.

It is clear to us that barriers and economic disincentives that drive older workers out of the labor market must be eliminated if work incentives and employment opportunity that might be created and aimed at older workers are to be successful in achieving their goal: Increasingly elderly labor force participation and reversing the trends. At a bare minimum, any limit on the protection of the Age Discrimination in Employment Act and the social security earnings test must be abolished. Whenever the issue of work incentives is raised, the first one that comes to mind and that we have mentioned earlier in this statement is the introduction of actuarially increased social security benefits for persons who elect to delay their retirement until after the age of 65. We think that this ought to be done on the grounds of actuarial fairness. We see no reason why early retirement should be accompanied by an actuarial decrease in benefits and late retirement not treated symmetrically.

It also seems clear, however, due to the widespread misconception concerning the "uniformity" of productivity declines among older people, that simply changing the rules of the retirement system and hence elderly force supply will not be sufficient. Changes on the demand side—the employer side—are also required. It is obvious from past experience that employers need to be given incentives to employ

and/or retain older workers. The income, corporate, and payroll tax structures of the Federal Government ought to be used to provide such incentives and at the same time provide incentives to older workers to take advantage of the work opportunities so offered. Consideration could be given, for example, to the reduction or even elimination of the employer portion of the social security payroll tax that would otherwise have to be paid with respect to older workers. Such a change would effectively reduce the cost of hiring an older worker, compensating to some extent for any real or imagined productivity decline associated with age that an employer might otherwise entertain. This would also tend to counter any disincentive effect that the minimum wage might have on a employer's willingness to hire or retain an older worker. The House-passed version of the 1978 Revenue Act, H.R. 13511, takes a limited step in this direction by for the first time offering employers a jobs tax credit for a portion of wages they pay to SSI recipients. SSI recipients, along with six other target groups—such as AFDC receipients, WIN registrants, handicapped persons, et cetera—are focused on by H.R. 13511 because of the recognized high unemployment rate and special employment needs associated with them. In addition, the tax laws could be used to encourage employers to inaugurate a host of job training, retraining, part-time, and flexitime programs aimed at older workers.

Clearly, the reduction of labor costs associated with older worker employment would encourage the hiring, retention, and retraining of older workers and improve their prospects for finding employment should they become unemployed. It is also interesting that the CETA program has failed so abjectly when it comes to the older worker and that the eligibility limitations on and limited resources allocated to the senior community services employment program—the great worth of which we have established through our own analysis—have kept it too small to matter significantly to the current generation of elderly persons. We think that the SCSEP ought to be expanded into a nationwide program. In our view, a greatly expanded SCSEP could go a long way toward meeting many of the objectives we have outlined in this statement, enhancing older worker income and life satisfaction, increasing national output and both relieving taxpayers of part of the dependency burden and providing additional tax revenue for that part which remains.

V. Lifelong Learning

We turn now to our third and final topic—lifelong learning. It is a subject that is inextricably intertwined with our thinking and recommendations as set forth in the preceeding sections of this statement.

The uttering of the words, lifelong learning, clearly strike a responsive chord across the land, subscribed to eagerly and totally by academic institutions, organizations like our own that represent the elderly, Federal energy officials, employers, and the lay public. To paraphrase and expand on a comment made by Secretary of Commerce Juanita Kreps at a conference on lifecycle planning, "the press and the public clearly appreciate stories of 80- and 90-year-old individuals returning to school, graduating, taking on new jobs and other 'life-engaging' activities." What is not so clear, however, is our universal understanding of the dimensions of the lifetime learning issue.

A brief historical review of education, learning and the older adult may provide us with the information base necessary to promulgate future public policy in this area.

During the decades, 1900 to 1930, educational opportunities for the older adult, ages 35–50, were limited indeed.[1] This situation was due to a combination of factors including: (1) A high degree of employment resulting in little "perceived need" or "leisure time"; (2) a lesser societal commitment to the notion of universal access to education; and (3) lack of institutional resources available to the "non-traditional" learner.

The advent of the Great Depression, while removing two of these impediments, high employment and lack of time, added yet another barrier, namely, a lack of income for those employed individuals desiring to "purchase" learning opportunities. The Depression had an even greater impact however. For the first time there surfaced what was to become an ongoing national problem—the need for career retraining and relearning. As industry recognized the need to "lay-off" workers in order to reduce costs, the first to go were the middle-aged and older workers. Rather than move vigorously to organize retraining opportunities, we as a society set out exclusively on the road of income maintenance, ignoring "service"—education. The passage of the Social Security Act represented a decision upon the part of Government to "disemploy" older workers by using a monetary carrot rather than engage in reemployment through an educational vehicle.

This process remained in place until the late 1940's when yet another societal upheaval signaled a change in the history of lifelong learning. The return of World War II veterans to civilian life required massive monetary intervention upon the part of the Federal Government to provide educational and training opportunities. While many of these returning soldiers were young men, a significant proportion were middle aged and older, necessitating "learning" programs which had a heavy flavor of retraining or at least retreading. Thus, throughout the 1950's we were witness to a subtle but steady alteration of curricula in universities and junior colleges with an increasing "tilt" toward courses and programs in the professional area aimed at the "older" student.

The advent of the Vietnam war combined with, or resulting in, ferment on the college campus, significantly altered the demographic profile of student bodies. As universities and community colleges became less attractive and perhaps less inviting to the older student, secondary schools stepped into the breech. We saw the growth of adult education classes offered at nights and on weekends and based geographically where older adults would have easy access, for example, shopping centers, union halls, senior centers, et cetera.

The passage of the Older Americans Act in 1965 marked the first time that the Federal Government took an abiding interest in the issue. The genesis of any program has considerable bearing upon its future direction and lifetime learning is no exception. The reasons behind this interest were multiple: Large sums of money being placed in education/training titles; a growing awareness of the implications of the "graying" of America; and pressures by management and labor

[1] Ruth Weg, "Demographics of Aging," Summer Institute, USC, 1977–78.

for the Federal Government to intervene on a variety of levels in the employment/unemployment arena. From 1965 to 1976, the Government moved carefully as it sought to put into operation the concept articulated by the education task force of the 1971 White House Conference on Aging:

> Education is a basic right for all persons of all age groups. It is continuous and henceforth one of the ways of enabling older people to have a full and meaningful life and a means of helping them develop their potential as a resource for the betterment of society.[1]

During the intervening 11 years between the passage of the Older Americans Act and the 1976 Lifelong Learning Act, a variety of programs and program definitions were tried in an attempt to fulfill this "basic right." A brief review of these attempts may result in defining what we see as our future role.

Here we were witness to classes run by secondary school districts which focused on subjects which would enable older adults to function in society, for example, English as a second language, income tax assistance, driver education, et cetera. The majority of these classes were operated at night in schools and community centers.

In an attempt to eliminate the notion that learning must have immediate and direct life utility, classes were developed which would broaden the interests and experiences of older adults. It is important to note that over 50 percent of today's 65-plus generation have had less than an eighth grade education. These offerings included: art, history, civics, languages, et cetera. Senior centers, churches, and local senior citizens clubs served as the conveners of these classes.

As unemployment increased and the older worker became increasingly vulnerable to early "retirement," it became clear that retraining opportunities were required. Thus we saw the rise of classes in job-related fields, such as paralegal training, peer counseling, and child care. Interestingly, the rise in the number and type of these classes accompanied the increase in age-related employment programs such as Foster Grandparents, the retired senior volunteer program, title IX, and the like. In the main, however, these "jobs" have been for the postretired and involve a relatively small percentage of older individuals. The skill development options have, however, involved the use of community colleges and universities in terms of both faculty and sites.

Events of the past 2 years have necessitated yet another shift in lifelong learning programs. The spectre of high level, long-term inflation is likely, as we noted earlier, to cause older workers to cling tenaciously to their jobs. Pressures from trade unions to open positions for younger employees, combined with the desire of management to bring in new knowledge, has placed older workers in a situation requiring retraining, retreading, and job redefinition.

Lifelong Learning Act

The passage of the 1976 Lifelong Learning Act was in many ways as much an economic document as a social statement. It recognizes the need to "attack" the issue on a variety of fronts, while placing heavy

[1] 1971 White House Conference on Aging. Washington, D.C., U.S. Government Printing Office, 1972.

emphasis upon the development of the individual within the work system:

> Policymakers with a lifelong learning prospective can help to close the gap between the learning and work lives of individuals by improving the work-related experience available through the educational system, by improving the learning opportunities available at the workplace, and by encouraging linkages between both systems to support continual human development and life transitions.[1]

The associations have consistently supported a multifaceted approach to lifelong learning issues. Our experience with our Institute of Lifetime Learning clearly indicates the aforementioned trend toward work-related learning. In the early years of the institute the bulk of our efforts were aimed at providing general educational opportunities—see earlier description of "learning for learning sake"—for older adults. As the community colleges and secondary schools assumed greater and greater responsibility in this area, our institute began to alter its role and function.

In the coming year, the Institute of Lifetime Learning will be assessing the work/education field to identify realistic options for the reeducation and retraining of the employed middle-aged and older worker. These options might include: Job sharing, job transitions, returning to earlier careers, job reclassification, and skill renewal. Once the various options have been assessed, the institute, in cooperation with various educational and corporate institutions, will assist in the development and implementation of training materials and curricula.

It is our firm belief that Congress, in cooperation with the Department of Health, Education, and Welfare, must assist in the redirection of lifelong learning into the new areas of work, retirement, and continuous learning. To do anything less would be to develop policy in a vacuum, ignoring the direct impact that the economy and work patterns have upon the educational needs of older adults. A cooperative thrust at all levels aimed at opening new opportunities for America's older worker will have significantly beneficial effects for the society in general and the work environment in particular. We fully support the Lifelong Learning Act and trust its implementation will incorporate the societal realities mentioned throughout this statement.

STATEMENT OF RUDOLPH T. DANSTEDT, ASSISTANT TO THE PRESIDENT, NATIONAL COUNCIL OF SENIOR CITIZENS;[2] ACCOMPANIED BY BETTY DUSKIN AND LOU RAVIN

Mr. DANSTEDT. According to the most recent statistics put out by the U.S. Census Bureau, there are 23,493,000 Americans over 65 today, representing almost 11 percent of the population. Most of these people, 94 percent, are receiving income from the social security program. The remainder had earnings that exceed $3,240 in 1977, plus twice the amount of their yearly benefits or whose earnings every month of the year exceed the monthly retirement test amount which means that they are not retired according to the retirement test in the social

[1] Lifelong Learning and Public Policy, HEW, February 1978, p. vii.
[2] See appendix 1, item 4, p. 342 for supplemental material submitted by NCSC.

security program. Less than half the people retiring today have a private or public pension to supplement their social security benefits. The fact is that senior citizens in the United States have a standard of living far below that of aged people in many other advanced nations. Average social security benefits last year were only $241 per month; the private pension average monthly benefit is below that of the social security system.

The median income of all families in the United States with a household head between the ages of 25 and 64 was $15,322 in 1976. For those families with a household head above 65, the figure was $8,057—52 percent less. For elderly individuals, the median income in 1976 was $3,311, as compared with $7,441 for individuals aged 25–64. The median income level in 1976 for an aged person was just $591 above the poverty level.

By far, more older persons are living in poverty than any other age group in America today; 15.3 percent of our senior citizens, or 3.3 million elderly people, were living in poverty in 1975. If the near poor were included, those people with incomes 25 percent above poverty, the figure jumps to 25.4 percent—one out of every four seniors.

In recent years, with older persons becoming more and more numerous and growing into a strong politcal force in this country, govrenment programs and benefits for the aged have increased substantially. But because of dramatic increases in the cost of living, much of the income gains older people have made in recent years have been whittled away by inflation. While Government support of the aged has increased over the past 20 years, such expenditures represent only 5 percent of our gross national product. In fact, the growth of categorical programs for the aged in the past decade can be attributed to the low level of support in prior years due to wholesale discrimination against older persons in other government service and employment programs.

Sources of Income for the Aged

The following table details the six major income sources for aged people and the shares of income derived from each. One point the table makes quite clear is the importance of social security—OASDHI—benefits for retired persons. Not only do 94 percent of the aged receive social security, but such benefits also represent 30 percent of the income received by aged couples and 40 percent of income for single older persons.

Type of income	Shares of income	
	Married couples	Nonmarried persons
Retirement benefits	42	51
OASDHI	30	40
Other public pensions	6	8
Private pensions	6	3
Veterans' benefits	3	4
Public assistance	2	7
Public income-maintenance payments	41	59
OASDHI as percent of retirement benefits	71	78
Public income-maintenance payments	73	68

Source: Social Security Bulletin, vol. 36, No. 8, August 1973.

Aside from Government means-tested assistance payments, older people receive income from four major sources. A survey of new beneficiaries of social security payments done in 1970 indicates that 51 percent of aged persons derive income from assets; 33 percent have incomes from earnings; 24 percent from private pensions and 12 percent from public pensions. However, the same survey also revealed the following:

Of single persons over 65, 82 percent received less than 20 percent of income from assets; 88 percent received less than 20 percent of income from earnings; 95 percent received less than 20 percent of income from private pensions; 20 percent received less than 20 percent of income from OASDHI; and 85 percent received less than 20 percent of income from public assistance.

On average, 88 percent of the senior citizens receive less than one-fifth of their annual income from any of these sources outside of social security.

The Social Security Program

Monthly social security benefits are the major source of income for the vast majority of the elderly. The program, which was established in 1935, has grown to the point where benefits are now provided for survivors of wage earners, disabled people, and health insurance for the aged. As of July 1, 1978, there were 21,728,000 receiving retirement benefits. The average benefit level is $258.88 per month.

The social security system is in reality four separate benefit programs funded through separate trust funds. The trust funds are financed through joint employer/employee payroll taxes and the current contribution rate is 6.05 percent each, although medicare receives a portion of its financing through general tax revenues. However, the payroll tax rate is only applied to the first $17,700 of earnings, in 1978, with earnings above the covered wage base exempt from the payroll tax.

For the past several years, senior citizens have been bombarded by alarms and scare stories to the effect that our social security system was not soundly financed. Some critics went so far as to proclaim that in the next few years, the system would either go broke or have to reduce benefits. However, we knew that the Congress was not going to break faith with people by permitting their social security benefits to be jeopardized, and the 1976 social security reforms insured the fiscal integrity of the system through the beginning of the next century.

As the committee is aware, the nature of the financing difficulties were properly separated into two distinct aspects: The first involved a short-run cyclical deficit, and the second relates to the forecast of a longrun imbalance, part of which is structural in character.

The reasons for the shortrun problem were the simultaneous high unemployment which is now moderating, and the high inflation rates of the last several years. High unemployment causes total dollar wages to fall, and this causes a decline in contributions to the system. Inflation, on the other hand, causes total benefit outlays to rise, since benefits are automatically adjusted upwards as the cost of living rises. Unemployment also forces many workers to accept early retirement

at reduced benefits. A great many of them would prefer to continue working. While the reduction in their benefits spread over time means no actuarial loss to the system, this present retirement status is reflected in the shortrun outflow of funds. Thus, the shortrun problem cannot be blamed on the social security system, but on a malfunctioning economy. Indeed, it is in large measure a remedy, both for the economy and for older people caught in the squeeze between unemployment and inflation.

The longrun problem arises from anticipated demographic changes early in the 21st century. The projected changes indicate that the retirement age population will be much larger due to the baby boom of the late 1940's and 1950's, while the working age population will not grow similarly if the lowered birth rates of recent years continue into the future. Assuming that there are no adjustments in labor force participation or no unexpected changes in birth rates, this could mean that proportionately fewer workers will be required to support a relatively larger retired population than is currently the case. Given all the uncertain guesses which prophets use to foretell the future, the anticipated problems may be exaggerated. But again, the social security system is not the problem; it is the answer. Those persons born during this baby boom period will be with us early in the next century and they will be in need of a system of income maintenance when they reach retirement age. Obviously, though it sometimes seems to be overlooked, they would be here with their needs even if we did not have a social security system.

Social security benefits are received on a monthly basis with the benefit determination for retirement based on each employees wage history. Generally speaking, a higher earnings history will generate higher retirement benefits. However, a redistributive element within the system does exist. Currently, social security replaces 35 percent of earnings for high salaried workers and 58 percent of earnings for low wage earners.

The controversy over the retirement test in the social security program is an important and largely misunderstood issue. The National Council of Senior Citizens is opposed to abolishing the retirement test completely on the grounds that to do so would be financially irresponsible and severly inequitable to most beneficiaries. Since this is not a universally held position, an in-depth explanation is in order. I would, therefore, like to submit for this purpose a booklet entitled "The Retirement Test in Social Security,"[1] published by the National Council of Senior Citizens in May of 1976, and authorized by Nelson H. Cruikshank, then president of the National Council of Senior Citizens.

Statutory provisions which adjust benefits for cost-of-living increases are now included in every major Federal cash-transfer program, and are crucial to insuring that cash assistance programs keep pace with rising costs. In 1972, older people received a 20-percent cost-of-living increase that enabled beneficiaries to maintain their standard of living at a time when this Nation was experiencing runaway inflation. Similarly, the supplemental security income and the food stamp programs are adjusted for inflation.

[1] See appendix 1, item 4, p. 342.

In regard to construction of a special Consumer Price Index for the elderly and to granting semiannual cost-of-living adjustments for social security recipients, we are fully in support of these proposals. The present system provides adjustments that are too little and too late.

The Food Stamp Program

Although the food stamp program is designed to subsidize food purchases for low-income families, it is often considered as analogous to a cash transfer program because of its impact on family spendable income. As food stamp benefits increase, recipients can spend more money on other consumer purchases because they are spending less on food.

In 1977, almost $5.5 billion went to supplement the income of poor households of all ages through this program. Up until recently, participating individuals and families were required to put up a certain amount of money based on their income level in order to buy stamps which would have a greater face value than was actually paid for them. In 1977, the initial purchasing requirement was dropped, and food stamp participants now receive just the "bonus" stamps in the amount of the subsidy for which they are eligible.

Eligibility and benefit standards are set nationally with a number of deductions permitted to distinguish between those who incur extra expenses because of work-related costs or other uncontrollable costs of living. On the average, some 17 million people participate in the food stamp program, receiving monthly benefits averaging $27.

The Department of Agriculture does not routinely gather figures on elderly participation rates in the food stamp program. However, in 1977, USDA and the Census Bureau compiled a sketch of participation by the aged. The information collected was based on a 1975 survey of the food stamp population.

It is generally believed that only a small fraction of the aged eligible actually receive food stamp benefits. The 1977 report indicated that only 18 percent of the people over 65 eligible for food stamps received them. Continuing obstacles to greater participation include: (1) Unawareness of the program; (2) inability to understand administrative regulations; and (3) the stigma of "welfare" attached to program participants.

Supplemental Security Income Program

For exactly the same reasons as above, elderly people do not participate in the supplemental security income program in numbers reflecting their eligibility. Estimates suggest that perhaps as many as 50 percent of the aged are eligible for SSI but are not currently enrolled in this program designed to put a floor under the income levels of aged, blind, and disabled people.

Federal, State, and local government agencies have not adequately addressed the need for greater outreach to urban and rural low-income aged persons who are not aware of their eligibility for SSI benefits or food stamps. We would encourage a greater commitment of funds and manpower to assist older people in finding out what Government

services they may be eligible for, and assistance in going through the bureaucratic maze of applications and procedures.

As of February 1978, 2,045,954 senior citizens were receiving SSI benefits. The average monthly Federal benefit is $96, although wide variations in State supplementation of Federal benefits do exist. To illustrate this great disparity in State supplements, California SSI recipients may receive a maximum supplement of $112; 24 States, such as Texas, do not supplement at all.

The supplemental security income program provides direct monthly payments to qualifying individuals whose resources fall below specified national standards. In June 1978, the established maximum monthly benefit for an individual was approximately $178 and $284 for a couple. The SSI program presently serves only to bring income levels for participants up to a level which is below the poverty level; benefits are reduced drastically when other unearned income is available. As an example, a person receiving social security is allowed only a $20 disregard of benefits before SSI benefits are reduced dollar for dollar. Thus, an aged individual receiving a monthly social security benefit of just $198 would not receive any SSI benefit.

For earned income, the first $65 per month and one-half of the remainder is disregarded. However, if eligibility is lost, categorical eligibility for medicaid may also be lost. Thus, a major work disincentive exists.

Employment

The steadily declining ability of seniors to make ends meet has resulted in a growing interest in continued part-time and full-time employment. In addition, for many older people, retirement often is synonymous with loneliness and a sense of rejection, and for these people, employment provides a continuing sense of usefulness and involvement.

Unfortunately, many barriers exist, and middle-aged and older workers today represent a large portion of the unemployed and underemployed. People 55 and over also have far longer periods of unemployment than do their younger counterparts in the work force. One indicator of extended unemployment is the number of working who have exhausted their unemployment benefits. A recent study on the subject revealed that 70 percent of the over-45 workers and 40 percent of the over-55 workers had exhausted their unemployment benefits.

In spite of Federal and State laws prohibiting illegal discrimination in hiring, firing, and retirement policies on the basis of age, many cases of blatant discrimination against older people continue today. Up until recently, the Federal Age Discrimination in Employment Act only covered workers between the ages of 40 and 65, thereby allowing employers the freedom to force employees to retire at age 65. Last year, this law was changed to protect workers in the private market up until age 70, and the upper age limit was lifted entirely for Federal workers.

Because of the general failure of the private market to adequately meet the needs of middle-aged and older workers, two Federal programs currently operate to provide limited assistance to the older worker.

The Comprehensive Employment and Training Act—CETA—is the Nation's largest public employment program. However, its main focus is on youth unemployment. Although we recognize the severity

of the problem in providing jobs for America's young people, the CETA program has largely ignored the problems of the aged in finding jobs. Findings of the U.S. Commission on Civil Rights revealed that although persons 55 and over represented 9 percent of the unemployed in 1977, only 5 percent of the enrollees in the CETA program were 55 years of age or older. Additionally, the 9 percent figure understates the problem of elderly unemployment because it does not take into account the many discouraged workers no longer actively seeking jobs.

The Commission study states:

> These figures probably understate the actual situation because, according to many persons in the field of aging, employable persons 65 and over are not adequately reflected in data on unemployed persons.

Both because of the large number of aged unemployed and because of the inadequacies of the CETA program, a senior community service employment program providing part-time community service jobs to people over 55 was created in 1968. In its first year of operation, the SCSEP provided jobs for about 2,000 older persons. Today, more than 37,000 people are working within the program which is sponsored by five national aging organizations and has an operating budget of $190 million.

There has been a major investment over the past 10 years in developing the expertise required to effectively administer the community service employment program. It has been clearly demonstrated that the national contractors have been responsible for the success of the program, and have administered the program effectively and efficiently. Yet, the fact is that efforts are underway in the Senate version of the Older Americans Act to diminish the level of activities of national contractors by as much as two-thirds of their current funding levels. If the Senate position is upheld in the current OAA reauthorization discussion, the hold-harmless date for insuring minimum support of national contractors' activities will be maintained at the June 30, 1975, level. At that time, national sponsors were receiving only $42 million. We are hopeful that the fine track record developed by all national SCSEP sponsors is recognized and that the hold-harmless is updated to the September 30, 1978 level of $190 million.

However, even programs such as SCSEP which have an excellent record, are insufficient to meet the needs of the older worker. Not only will higher levels of funding be needed, but greater encouragement and more innovative approaches will be required to extend the working life of productive individuals who might otherwise retire, voluntarily or involuntarily. Not only is this important to maintain an adequate standard of living for older people, but it will become of increasing importance to the health of the Nation in years to come.

Social Services

The birth of the SCSEP was spawned out of the need for a manpower program with special emphasis on the needs of older workers. A similar history can be traced for the establishment of the Older Americans Act. Before the OAA developed into a major service program for the aged, older people traditionally fared poorly in State-administered programs of social services. The unfortunate friction

between age groups that has manifested itself—for example in the title XX program authorized through the Social Security Act—has left the elderly poor underrepresented in this and other nonage category approaches.

The Older Americans Act, currently funded at an annual level of $489 million—excluding title IX—established a network of nearly 600 area agencies on aging under the auspices of State agencies on aging. The function of these agencies is to determine the needs and services in the community and insure that the delivery of services is planned and coordinated in an efficient and equitable manner. A vast array of services may be offered depending upon the needs of the community.

A recent trend that we find distressing is the shifting emphasis on the part of State and area agencies on aging to a more active role in the direct provision of services to the aged. We view these agencies as planners and coordinators as well as evaluators of the services provided to the aged in the community. They should be maintaining an arms-length distance in order to objectively evaluate the quality of services provided, and to maintain credibility as planners.

Lifelong Learning and the Aged

In 1976, the Congress passed amendments to the Higher Education Act, popularly known as the Lifelong Learning Act. With the passage of that act, our organization hired an education consultant to its affiliated National Senior Citizens Education and Research Center.

We have found that the act has stimulated discussion of education for the aged and the gathering toegther by the Office of the Assistant Secretary of DHEW for Education of statistics and information about a wide variety of Federal activities that affect learning activities of the aged. However, there has been little if any change in the amount and usefulness of learning opportunities available for the aged. Too little too late is the education story of too many of the aged.

In the field of adult learning, the more education a person has received and the higher his economic status, the greater is the likelihood that the adult will be participating in some form of education.

The present population of the aged has more illiteracy than other age groups, a lower average number of years of classroom attendance, and a disproportionate number at or below the poverty line. Moreover, mobility is a serious problem for the aged.

All of these obstacles mean that special effort is required to inform the aged of learning opportunities and to transport them to classroom or other learning settings. Such effort has been very successful in special demonstration projects, but it is the exception, rather than the rule.

NCSC makes a special effort to look to the interests of the less advantaged of the aged. This means that we have a special interest in seeing that learning opportunities are made available to the illiterate and partially literate. Their rate of participation in the federally funded adult basic education program is low, and the elementary and secondary school systems which generally provide ABE learning opportunity have not been aggressive in seeking to serve the aged. In

some areas, community colleges have been aggressive in seeking to serve the aged, partly because they have received demonstration grants.

In education, as is the case in other services and opportunities, the aged are subject to something that might be called grantsmanship roulette. The aged who live close to an institution that has received a demonstration grant may have learning opportunities that are not available to the aged living 50 miles distant.

A very serious problem in education for the aging is that some educators feel it is a waste of time and money to provide learning opportunity for the aged. Our response to that is that today's aged have given generously through the taxes they paid during their working lives to build the most comprehensive system of free public education the world has ever known. The retired worker who quit school in the eighth grade to work for a living and paid school taxes until he retired seems to us to have a moral right to the free education that he did not get when he was young.

We are particularly concerned that public and privately funded ventures into what is sometimes called citizen education—an effort to provide citizens with the information and skills needed to use our democratic political process to better their lives—tend to overlook the aged and concentrate their attention upon the young and middle aged. But the aged—not our members at least—do not retire from citizenship.

It is noteworthy that the National Institute of Education has at this time no program to study the learning needs and wants of the aged.

The blunt truth is that today's aged have financed a vast and expansive publicly funded educational bureaucracy which gives a very low priority to providing appropriate learning opportunities for them.

Someone has said that $9 out of every $10 in public funds going to the aged for education purposes goes to train a gerontologist or social worker to teach the aged what to do with the remaining dollar. This may be hyperbole, but it illustrates an attitude that we in the NCSC find frustrating and just plain wrong.

There are enough good, but small, programs to assist the aged in learning what they want to know and what they need to know to demonstrate that we could make learning a rich part of the aged experience.

There are also enough good, but small, programs which use the aged as learning resources for the young—as tutors and as witnesses to events being studied as history—to demonstrate that we are wasting a valuable resource by not having more of these intergenerational programs.

Programs in existence demonstrate that learning opportunity for the aged can accomplish these things:

Provide new goals and accomplishments to replace the void left by departure from the world of work.

Help the aged to cope as consumers and citizens.

Provide recreation and entertainment; and

Benefit those of other ages by providing a learning resource for them.

A casual examination of the life of the aged show that far too few of them participate in any of the above.

The National Endowment for the Humanities funds courses in literature for the aged. Its brochure states the premise for this program: "If

I had but two loaves of bread, I would sell one of them and buy white hyacinths to feed my soul."

We at the National Council of Senior Citizens are not insensitive to the values of culture, but our first priority is to see that the aged possess one loaf of bread and a roof over their heads. In education this means that our first priority is to provide basic education for the aged who did not receive it when they were young.

We believe that while some of the aged may enjoy discussing the poetry of Dylan Thomas, more would benefit from courses on the great historical events that occurred during their own lifetimes and we are suggesting such a course to the National Endowment for the Humanities.

Many of our members spent their working lives in the school of hard knocks. The NCSC strongly urges the educational bureaucracy of the Federal Government to place a high priority on providing a pleasanter classroom for them now.

STATEMENT OF DR. BERNARD I. FORMAN, WASHINGTON, D.C., REPRESENTATIVE, NATIONAL GRAY PANTHERS

Dr. FORMAN. I am Dr. Bernard I. Forman, official representative of the National Gray Panthers. In the absence of Maggie Kuhn, national convener of the Gray Panthers, I am happy to accept your invitation to appear before the Senate Special Committee on Aging to express our views and offer some recommendations regarding the most pressing problems still confronting older Americans today.

Although the popular image of the Gray Panthers is that of a group of older people selectively concerned with issues affecting the elderly, we are in fact a working coalition of like-minded old, young, and middle-aged activists. We are banded together to expose and attack ageism in all its forms, and to challenge and eradicate every vestige of age-based discrimination in our society. We see ageism as having four basic dimensions: Stereotyping, segregation, paternalism, and victim-blaming. They tend to overlap and reinforce each other and provide convenient alibis for social evasions and calloused exploitation. Young and old alike suffer from their common, characteristic failure to recognize that people remain individuals throughout life—and have individual needs, desires, and problems, regardless of age. Categorizing people as too immature or "overqualified," too impetuous or "set in their ways" ignores the infinite variety of human nature and human experience.

Paternalism has many faces. It appears in the guise of "benign neglect" or "benevolent despotism." It shows itself in overprotectiveness of both young and old, disregarding individual capabilities. It is present in the assumption that some people are inherently dependent and welcome well-intended interference with their rights and freedom of choice. It may explain the tokenism in the rewards granted to retirees for not "making waves," since it may assuage the guilt feelings often experienced by young replacements for older workers.

Lastly, our society finds it easier to blame the victim rather than itself for its own shortcomings. Older workers are criticized for not retiring voluntarily and making room for deserving younger workers. Younger replacements are blamed for forcing their older predecessors out. "Young, new blood" clashes with "old, tired blood," and often produces "bad blood" between generations. As a result, the social serv-

ices that are supposed to blunt the pain of aging are viewed as "handouts" that lead, in turn, to "taxpayers' revolts" and punish those who need help most. Unfortunately, human values sometimes place a poor third behind self-interest and false economy.

The Gray Panthers movement includes people of all ages in some 60 networks across the country. With over 24 million Americans over 65, it is obvious that the problems of a "graying America" cannot be easily "swept under the rug." This new series of hearings is a clear index to the importance Congress attaches to the various issues affecting the elderly. Our interest in so many interrelated questions of national concern may seem too global. But we are convinced that the interests of older Americans are inseparable from those of all other Americans. We also feel that radical changes in our faltering economic system, within its traditional democratic framework, are called for if we are to rectify its present weaknesses and inequities. In this context, the Gray Panthers are deeply committed to active involvement in any programs or proposals crucial to the country as a whole.

Nevertheless, we recognize the hard realities. We know that we cannot tackle every important issue with equal force and have had to order our priorities according to our own perceptions. Among the key issues of particular concern to the Gray Panthers—not necessarily in order of importance—are the following:

Full Employment

Although we view S. 50, the Humphrey-Hawkins Full Employment and Balanced Growth Act, as imperfect and weaker than we would like it to be, we regard its passage as essential to the economic health of the country. We have supported and still support the measure and recommend passage by Congress as expeditiously as possible.

We also look favorably upon supplementary legislation, like S. 2805, Senators Chiles and Domenici, that proposes measures for upgrading and maintaining skills of older workers, as an adjunct to CETA. H.R. 10814, Congressman Waxman, the "Second Careers Act of 1978," would also be worthwhile considering, if fitted in with S. 2805.

National Health Service

The Gray Panthers strongly favor the National Health Service Act, H.R. 11879. We consider a national health service vital to the welfare of all American citizens of all ages. We see holistic health care as encompassing all facets of mental, physical, and environmental health, unimpeded by the profitmaking motive. This includes the services of professional health providers and paraprofessionals in interdisciplinary teams, with special emphasis on health education, preventive medicine, and occupational safety. Community involvement should maximize the effectiveness of health service delivery and assure a higher quality of life for young and old alike.

The Gray Panthers have been involved in a 3-year study of the nursing home industry, culminating in a recent book that exposes abuses, violations of patients' rights, and similar deficiencies. These have recently been the subject of congressional investigation, along with exposures of fraud in medicare and medicaid, and we continue to be deeply concerned with needed reform in both areas.

Mandatory Retirement

We welcome the recent action of the Congress in raising the ceiling for mandatory retirement to age 70 for most private employees and removing it entirely for the bulk of Federal workers. We also appreciate the promises of legislators in both Houses to eliminate the practice entirely. However, we are not entirely satisfied with temporary and piecemeal expedients and will not be satisfied until the policy is abolished completely in both public and private sectors.

The Gray Panthers have chosen to make mandatory retirement a primary target for their active opposition because it symbolizes some of the most odious characteristics of ageism, officially sanctioned. It represents a kind of simplistic stereotyping that portrays all older people as uniformly outworn, unproductive, and incompetent. It tries to justify an exclusionary policy on grounds that research has shown are without foundation. It purports to be efficient, impartial, and humanitarian when in fact it is wasteful, discriminatory, and inhumane. On the pretext of reducing unemployment, it plays a game of "musical chairs" by exchanging the unemployment of youth for the unemployment of the elderly, thus exacerbating intergenerational conflicts.

It is interesting to note that many industrialists and legislators now recognize that our rapidly aging society can no longer afford to waste the invaluable expertise of its elders or support the heavy burden that early retirement places on those who are still employed. The abolition of mandatory retirement is not a panacea, but it is a major key to relieving "the plight of the elderly." Reconsideration of its repercussions may force our society to face up to the paradox of persistent unemployment in a system supposedly predicated on continuous growth and expansion.

Civil Rights

Because age discrimination in employment is so closely linked with civil rights, the Gray Panthers are interested in proposals to amend the Civil Rights Act so as to include age among the protected categories now listed. We will therefore follow with interest and continue to support legislative efforts like S. 3067 and H.R. 3505, that aim at this desirable objective.

The Older Americans Act

The Gray Panthers have supported the extension and improvement of the Older Americans Act, with certain reservations, and will continue to monitor the implementation of its various titles and programs. We appreciate the need to give priority to the requirements of those who need assistance most urgently—the frail, the disadvantaged, and the minority elderly. However, we still have some doubts about the practical impact of the act on its ostensible beneficiaries. It is still unclear whether it is actually benefiting all older Americans—as originally intended—or encouraging separatism and segregation of the elderly, perpetuating dependence on others, and leaving the door open for widespread exploitation of the vulnerable aged.

Welfare Reform

Because so large a proportion of older Americans are poor—or have become poor because of inflation and drastically reduced incomes—many of them are compelled to rely on welfare in order to survive. For those who do not qualify for Older Americans Act programs or are excluded from CETA or similar employment opportunities because of their age or infirmities, this may be their only alternative. The Gray Panthers are committed to support any improvements that may be legislated through measures like the Welfare Reform Act, H.R. 9030 and H.R. 7200.

Criminal Code Reform, S. 143 and H.R. 6869

Insofar as it may affect the rights of elderly Americans, as well as other Americans, the Gray Panthers are concerned about hasty revisions of the criminal code. They will look with great care at any changes that infringe upon the traditional rights of American citizens, old or young, rich or poor.

The Gray Panthers recognize that outlawing mandatory retirement, or implementing the Full Employment Act, or making more CETA jobs available to the elderly, will not make unemployment disappear completely overnight. For that reason, among others, they heartily endorse current efforts to expand part-time opportunities, to experiment with flexitime and shared jobs, and explore similar alternative working arrangements in both the public and private sectors. They especially appreciable recent investigations in Congress of possible alternatives to abrupt retirement, like "phased retirement," "trial retirement," or "gradual retirement."

It is becoming increasingly apparent that "volunteerism," while rewarding and worthwhile for many retirees, does not satisfy everyone. Gainful employment is still a vital need for most people, whether the need is physical, financial, or psychological. Any legislation that genuinely seeks to enrich the lives of Americans of all ages will be sure to attract the attention of the Gray Panthers. But it will still have to merit our wholehearted approval.

Thank you for this opportunity to present the views of the National Gray Panthers.

STATEMENT OF CARMELA G. LACAYO, EXECUTIVE DIRECTOR, ASOCIACION NACIONAL PRO PERSONAS MAYORES

Ms. Lacayo. Mr. Chairman and distinguished members of this committee, on behalf of approximately 1.3 to 1.8 million viejitos, Hispanic older persons. I thank you for this opportunity to share a Hispanic perspective of the issues under consideration before this committee: retirement, income, and lifelong learning. While the Association Nacional does not pretend to speak for all Hispanic older persons in this country, we are keenly aware that as the only national organization representing the Hispanic elderly, we have a responsibility to provide the Senate of the United States with the best information possible about the Hispanic community and its elderly.

Thus, in preparing for this hearing today, members of my staff and I began to identify the kinds of facts that would assist this committee and the Senate as it focuses on these important issues affecting the Nation's elderly. I would like to be able to tell you with confidence the number of Hispanic elderly living in the United States; how many of them receive social security and the average amount they receive; whether they live alone or with their families; whether they receive medicare, medicaid, or other forms of assistance. But, unfortunately, because of the serious lack of reliable empirical data about the Hispanic community in this country, there is only sketchy information available about the Hispanic elderly.

The Bureau of Census states that there are approximately 1,100,000 Hispanic elderly—age 55 and older—living in the United States today. Yet, most Latino leaders disregard Census' enumerations as seriously undercounting Hispanics in this country. They estimate that there are between 1.3 and 1.8 million Hispanic elderly living in the United States.

Almost half of the Hispanic elderly of the United States are foreign born. The bulk of this remarkable statistic is composed of Puerto Ricans and Cubans, reflecting foreign born populations of 91 and 93 percent, respectively.

Like the rest of America, the Hispanic elderly live in metropolitan areas—approximately 81 percent in 1975.

The estimated lifespan of a Hispanic person in the United States is 55 years compared to 70 years for non-Hispanics in the United States.

Approximately 70 percent of the Hispanic elderly in the United States have completed less than 5 years of schooling.

In 1970, approximately 39 percent of the Hispanic elderly were active members of the labor force. Yet, despite this long participation in the labor force, in 1970, the average annual income of the Hispanic older male was only $4,234.

While the empirical data necessary to describe the Hispanic elderly is sketchy and incomplete at best, there are demographic facts about the Hispanic community upon which there is basic agreement, and which portend that steps should be taken now in preparation for the future.

All estimators agree that the Hispanic population is rapidly increasing. Between 1970–76, the Census Bureau shows an a[illegible]l growth rate of 3.5 percent. Hispanic leaders estimate the growt[illegible] rate to be even more rapid. Whatever it is, however, even the Census' figures show that Hispanics accounted for one-fourth of this country's population growth between 1970 and 1976.

The Hispanic community is growing faster than the rest of the U.S. population, and it is almost certain that such growth will continue in the future. The sources of this growth are: (*a*) The younger median age of Hispanics—20.9 years compared to 28.9 years overall; (*b*) the larger size of Hispanic families—almost double the size of the average American family; (*c*) the continued influx of legal Hispanic immigrants—about 150,000 per year; and (*d*) some form of amnesty for a portion of the undocumented Hispanic immigrants.

MEDIAN HISPANIC AGE: 20.9

The Hispanic community's median age of 20.9 years means that 50 percent of the community is older than 20.9 years and 50 percent of the community is younger than 20.9 years.

Indeed, according to 1978 Census data, almost 42 percent of the Hispanics in the United States are 18 years old or younger. Demographers agree that the highest fertility ages are between the ages of 20–29. Since the Hispanic community is just on the threshold of the highest fertility aged period, given Hispanics larger family size, it is clear that the Hispanic community will significantly increase over the next two decades by propagation alone. Thus, the policies and plans formulated today, in anticipation of the aged of tomorrow, must consider a significantly expanded Hispanic elderly population.

By these hearings, this committee is beginning the difficult task of determining what Federal Government policy should be on growing old in America. But policy does not operate in a vacuum. Government policy on retirement, employment, and lifelong learning will affect all of society's attitudes and opinions about work and growing old in America. Such policies will have a profound effect on all the institutions of society. And unless steps are taken to affect the realities of minority group workers today, the prospects of retirement and lifelong learning will be meaningless for minority group workers tomorrow. For it is unrealistic for Hispanic older workers to contemplate retirement when the average lifespan of a Hispanic male is only 55 years.

So Senators, as you explore the possible effects of various aging policies on society's interrelationships, it is important to know and understand that the hopes inherent in retirement, employment, and lifelong learning, hopes that so many take for granted as promises, are illusions for most Hispanics in the United States. As leaders in the field of aging, all of us are challenged to vitalize those hopes. I look forward to working with you and my colleagues in aging, toward securing retirement, employment, and lifelong learning as options available to all of our people.

Thank you.

STATEMENT OF CHARLES L. MERIN, LEGISLATIVE REPRESENTATIVE, NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES [1]

Mr. MERIN. Mr. Chairman, I am Charles L. Merin, legislative representative of the National Association of Retired Federal Employees—NARFE. The association is 57 years old and is composed entirely of retired Federal employees, their spouses, and survivors. We have a dues-paying membership of more than 300,000 persons, and we represent the legislative interests of some 1.5 million retired Federal workers. We very much appreciate the opportunity to participate in this roundtable discussion.

The abolition for most Federal employees of mandatory retirement shines as a beacon in the history of American personnel relations. The

[1] See appendix 1, item 7, p. 355; item 8, p. 356; and item 9, p. 357 for supplemental material submitted by NARFE.

compelling economic, social, and psychomedical forces which spurred its passage have been adequately addressed by this and other committees of the Congress. My association is proud of the role it played in lobbying this landmark legislation into law. A copy of our testimony is enclosed for your perusal.[1]

In his testimony before this committee on July 19, Civil Service Chairman Alan Campbell stated that: "The elimination of the age 70 mandatory separation provision of the law for most Federal civilian employees is not expected to have any major impact on the Federal service."

We strongly disagree. We believe that the Commission study of the impact of the new law will prove otherwise as well. Mandatory retirement served as a significant psychological disincentive to performance by older workers. With no hope of remaining on the job past mandatory retirement age, worker self-esteem and productivity most certainly diminished. By raising the mandatory retirement age for private sector workers from 65 to 70, the Congress has only deferred the larger issue with which it must wrestle. My association believes that as long as employment barriers based on age remain, the full meaning of the Age Discrimination in Employment Act Amenments of 1978 will never be realized. For that reason we have lent our support to legislation prohibiting the mandatory retirement of any working American. We believe that 23 million persons age 65 and over deserve no less.

One area in which the Federal Government as an employer has shown admirable initiative has been in flexitime employment. Changing economic, social, and demographic patterns have made it clear that employment is no longer an immutable state of being, regulated by set hours or fixed work conditions. This is particularly true for older workers who are currently retired or who are considering retirement. For many of them, flexitime employment offers significant financial, psychological, and social alternatives to the rigid state known as retirement. The association has addressed this topic in earlier hearings before the Congress, and a copy of our testimony is attached for your review.[2] Flexitime employment is a worthwhile concept whose timeliness has been aided by the rising financial burden of providing an adequate retirement income for older persons. We believe that the total abolition of mandatory retirement practices, the adoption of flexitime work schedules, and the use of financial incentives to dissuade persons from opting for early retirement, offer creative solutions to that vexing financial problem.

Economics of Retirement

I'd like to address the economics of retirement for just a moment. A fellow I know once astutely observed that the only difference between an old man and an elderly gentleman was money. Adjustments in retirement or lifelong learning opportunity without concomitant improvements in the quality of retirement income, are insufficient achievements. As all of us here today know only all too well, inflation hits hardest at those living on fixed or relatively fixed incomes. It is

[1] See appendix 1, item 7, p. 355.
[2] See appendix 1, item 8, p. 356.

estimated that almost one-half of the American population is dependent, in a direct or indirect way, on the Consumer Price Index for various benefit adjustments. The Government Operations Committee of the House has pending before it legislation which would require the use of the new all-urban CPI for all cost-of-living benefit adjustments as of July 1, 1978. While my association does not formally oppose the use of the new all-urban index for future cost-of-living adjustments, we are concerned that this new index has seriously deemphasized two categories of major importance to older persons—food and medical care. Our testimony before the Government Operations Committee [1] detailed these concerns, and called on the Bureau of Labor Statistics to study the feasibility of a CPI for the elderly. I repeat that call today. Changing demographics and inflation's victimization of the ability of many older persons to meet life's most essential needs, argue compellingly for this initiative.

Many persons nearing retirement view its prospect with great fear and trepidation. A recent university study established retirement as one of life's most traumatic experiences. Given that, we believe that the Civil Service Commission needs to expand and improve the preretirement counseling services available to its employees. Preretirement counseling is not mandatory for Federal employees, and we respect the right of every individual to decline the use of this valuable service. However, those who seek it far too often find Federal personnel officers poorly informed or misinformed about the important decisions which need to be made prior to retirement. A recent conversation with a NARFE member well illustrates the point.

It seems that as the woman approached the date of her retirement from the Federal service, she approached her agency personnel officer for counseling. The personnel officer informed the woman that Civil Service Commission regulations mandated a 2-year delay from the date of retirement before survivor benefit coverage could be elected. The woman dutifully waited the 2 years from the time of her retirement, and then sought out the personnel officer nearest her home. The counselor then informed her that she had been misinformed; in point of fact, Commission regulations clearly stated that such an election could only be made at the time of retirement or within 1 year of that date. It was my unfortunate duty to inform her that the information her orignal personnel counselor had provided her was incorrect, and that existing Commission regulations offered little hope for redress. Fortunately for this reason, legislation—H.R. 3800—to authorize a second chance to elect survivor benefit coverage, now pends before the House. This is but one incident, yet illustrative of a recurring problem involving poor or inadequate preretirement counseling for many Federal workers.

Urgent Need for Retirement Counseling

My association urges the Civil Service Commission to take steps to insure that Federal personnel counselors throughout the Nation provide accurate retirement counseling. The designation of a retirement counselor for each Federal personnel office may be a useful vehicle toward achieving that goal.

[1] See appendix 1, item 9, p. 357.

Some basic data dramatizes the urgency of this problem. In 1965, there were approximately 728,000 Federal annuitants and survivors throughout the United States; today that figure exceeds the 1½ million mark. With Federal employees retiring at the rate of approximately 80,000 per year, the need for competent and readily accessible preretirement counseling services is clear.

As an aside, it may interest the committee to learn that my association, with the approval of the Civil Service Commission is now actively involved in the Federal preretirement counseling process. NARFE regularly sponsors preretirement seminars for Federal employee groups ranging in number from 50 to 500. At the solicitation of a Federal agency, the association has coordinated complete retirement seminars, producing expert speakers, and distributing retirement literature to those assembled. These presentations focus on alternatives to retirement in the form of second careers and flexitime employment, technical aspects of the Federal annuity program, estate planning and wills, and other areas of general concern to prospective retirees. The organization does not charge nor will it accept fees for providing this service. Through this involvement, we hope to aid in the improvement of preretirement counseling services, and to attract new members to the association.

This concludes the written portion of my presentation. I will be pleased to answer any questions you have about the association. I appreciate the privilege of appearing before you today.

STATEMENT OF DR. MILDRED M. SELTZER, PRESIDENT-ELECT, ASSOCIATION FOR GERONTOLOGY IN HIGHER EDUCATION

Dr. SELTZER. The Association for Gerontology in Higher Education is an organization of over 150 institutions of higher education, all of which are engaged in activities related to education and research about aging. My main emphasis and bias, therefore, is an obvious one—upon education and research in the study of aging and related issues. If I have another bias, it is the equally obvious one of being an older woman.

Despite my biases I know there is ample evidence to show the need for increased stable funding to support research and education in the field of aging. In the testimony given at the hearings in July, many basic questions are posed which can be answered only through continuing programs of research and education.

Within the context of the hearing subject—retirement, work, and lifelong learning—I will stress: (1) The need to develop policy and plan programs based on accurate information about older Americans; (2) gaps in our knowledge about retirement and its implications for policy and program planning; (3) the need to learn more about changing social attitudes toward work and its implications for pension programs and retirement policies; and (4) the need to have effective programs of lifelong education that are developed from an adequate knowledge based on educational needs and the most effective ways of meeting those needs.

In reading through the material presented at the July hearings, I was impressed with how much we know, how much has happened, and

yet there are significant gaps in our knowledge about work, retirement, and lifelong education. For example, we have a great deal of demographic data, analyses of economic trends, and information about our social security program. At the same time, our forecasts are often ignored, our programs have not always been evaluated except by hearsay and anecdotes, and our research has, in many instances, been limited. We do not necessarily know the policy implications of some of our research. While in our speeches and recommendations we stress the need for lifelong education and long-range planning for older people, we do not always consider how, where, when, and why to implement our recommendations.

In part, our present situation is understandable. In the past, our need to solve the new problems created by a large older population and the necessity to develop a social policy about older Americans were so great that we were willing to try almost anything. It is, therefore, particularly important that we take time now to do research on what has and has not worked so that we may plan more adequately for the present and future older populations. It is legitimate to expect research to provide us with accurate information which will enable us to eliminate mistakes and improve social conditions. While we may not be able to achieve the ideal, we can certainly achieve more satisfactory conditions for older people.

To achieve these more satisfactory conditions, it is important to plan programs and develop policies based upon accurate descriptions and information about older Americans rather than upon our stereotypes about them. For these reasons, it is essential that we devote financial and other resources to both education and research about aging. While my focus will be upon retirement, work, and lifelong education, let me also stress that what I say about the need for research and education relates to countless other topics. It is vital to recognize that those studying aging and the aged are dealing with research strategies and topics that have implications for gaining a better understanding of other aspects of the entire life cycle. It is important also to understand that there is currently no clearinghouse for research about aging and no collected data base, and that few people are engaged in reanalyzing and/or replicating older research in order to assure us that our previous findings are accurate descriptions of the people we are planning for. We also have to keep reminding ourselves that the older population is not a single, monolithic population but instead a constantly changing heterogeneous one, consisting of many different segments needing many different things—old European-born Jews are not the same as old New England Americans who in turn are not the same as old rural Americans in Nebraska. Research findings may not be generalizable to all older people. Programs meeting the needs of one segment of that population may not necessarily meet those of another segment. Age isn't necessarily the great leveler. It is also important that we recognize that today's solutions to the problems of older people may well carry the seeds of tomorrow's problems for older people. For example, the raising of the retirement age may operate against the older people of tomorrow who prefer earlier retirement but find it socially unacceptable.

Retirement

As all of those present know, we have a great deal of research on some of the social and psychological variables relating to retirement and about attitudes toward retirement. We lack information on the extent to which ethnicity, race, and sex affect decisions to retire and patterns of retirement. We also lack information about the impact of retirement on family relationships and upon working organizations.

In the past, it has been assumed that women's adjustment to retirement has not been nearly so difficult as men's. After all, the women's primary role was a familial one and her work tended to be of secondary importance to her. Increasingly, in part as a result of research and in part as a consequence of the woman's movement, people are beginning to recognize that women work for many of the same reasons as men—money, recognition, success, and because they like what they're doing. Increasingly, also, we are aware that more women are entering the labor force—particularly middle-aged women who constitute the fastest growing segment—although generally in lower paid positions than men occupy. There is a general rule of thumb about women who work, the higher the fewer. This means then that women tend to be employed in lower paying positions, jobs that often are not covered by private pensions or retirement fringe benefits. The long-range consequences of this is a retirement financially poorer than that of most men. Private pension plans as well as social security benefits tend to favor economically the retirement of males rather than females. This is an area in which additional research on differences to men's and women's patterns of retirement could lead to new policy decisions eliminating the discrepancies in the future and providing programs including preretirement services to assist disadvantaged women in the present.

In July of 1977, 11 scholars and administrators identified with the subject of retirement, met for a week to discuss and define some of the major areas in which research about retirement needs to be done. In Robert C. Atchley's forthcoming article about this meeting, it is noted that ". . . retirement research has come a long way in the years since the NICHHD conferences (1966 and 1967)." In the intervening 10 years between the NICHHD and the Scripps Foundation meeting, the United States gained considerable information about and experience with the social phenomenon of retirement. Among the things we learned were (1) for most people, retirement has become a normal, expected part of a worker's occupational cycle; (2) retirement, contrary to what many middle-class researchers believed, is not necessarily a traumatizing crisis to many workers. In fact, if the financial disadvantages of retirement could be eliminated, many people would look forward to retirement in an even more positive sense than they already do.

There continue to be significant areas in which research needs to be undertaken. For example, what factors affect the timing of retirement? Why are people retiring earlier than the mandatory and/or expected retirement ages? Much of our research has dealt with the impact of retirement upon the individual. Just as important is the effect the level of retirement may have on the work organization itself? Our work ethic has changed, people are less subservient than in the past to the demands of work. As a society we are moving away from

a willingness to sacrifice family, friends, and leisure activities to our jobs. The need to achieve at work has become less important than other needs. This means that the younger replacements of retired older workers have a significantly different work orientation. We do not know how this change in workers' values and attitudes will affect work organizations.

These and other questions are vital ones for research undertakings. We need the answers to these researchable questions in order to:

(1) Anticipate more accurately future patterns of retirement and how these will affect the Nation's economy.

(2) Develop preventive programs which will enable individuals to plan more effectively for their retirements.

(3) Develop specific programs which focus on the unique retirement problems experienced by members of particular ethnic, radical and/or sex categories.

(4) Create more effective long-range social policies, based upon the constantly changing characteristics of the United States' older population. Often our solutions are of an ad hoc nature, appropriate for some segments of today's older population, but inappropriate for tomorrow's. Unfortunately, programs and policies become set in concrete, thus carrying the seeds for our future social problems of aging and the aged.

Work

As we turn our attention to the topic of work, much of what I have been saying with reference to research about retirement issues applies to the subject of work. As I already noted, as a society our attitudes toward work have been changing, and we really do not know as much as we need to know about these changes and their consequences for our economy. It would be valuable to undertake research on this topic. Longitudinal research or research using the more complex but more accurate strategies developed by Baltes, Schaie, Nesselroade, and others, could provide us with information about whether or not our attitudes toward work, its significance in our lives and its meaning are changing and, if so, to what extent. For example, we need to know the answers to such questions as "What does work mean to different generations? To women as compared with men? To different occupational categories?" "Is the typical work pattern for women a bimodel one, an in-and-out-of-the-labor-force pattern?" There are some women who work throughout their life cycles, just as there are some women who never work. What are the variables that affect this? We need information not only on middle-class and upper-middle-class women, but on all women.

One of the hot items of today's research is research on old women. The National Institute on Aging is sponsoring a conference next week on this topic. At the annual meetings of the Gerontological Society there have been panels and paper sessions devoted to this topic. A great deal of what we hear is polemics. We need more accurate information about today's population of old women and predictions about future ones. Such information is of value in planning and providing specific programs for specific categories of workers, men, women, rural, urban, ethnic, and other categories. There are differences between the needs of a retired rural woman schoolteacher and a retired urban male police-

man. We need to know what those differences are and how to design programs to meet the special needs—programs which balance between individual and social concerns. We also need research to let us know how effective these programs are in doing what they were designed to do. And, we need to know when no programs are needed.

Lifelong Education

When we turn our attention to lifelong education, we need to ask whether we are talking about education about or directed toward older people. For the most part, education for older adults is self-education and therefore a lot of what is directed toward older people, if it is to be effective, should be media rather than classroom oriented.

In order to develop a comprehensive approach, therefore, we need to bring together those with knowledge about older people with those who know how to transmit knowledge.

Another aspect of education for older people relates to what I would call "self-improvement" activities. Skills such as managing money, planning adequate diets, knowing appropriate exercise programs, preventive health mechanisms, dealing with bureaucracy, once learned usually are effective throughout the life cycle—once mastered these skills have lasting power. We need to know something about the transmission of these skills throughout the life cycle and we need also to learn whether and how skills in one area are transferable to another area.

Other research topics come to mind almost immediately. How interested are people of all ages in different kinds of education? Given educational opportunities in senior centers, how many people take advantage of it? Given State legislation permitting people over the age of 55 or 60 to attend institutions of higher education without tuition costs, how many people are taking advantage of this? Is it lack of opportunity or lack of interest which accounts for the low figures?

Equally important, in fact, perhaps more important, are the answers to such questions as: In designing educational programs for older adults, how much have we attempted to implement our knowledge about learning in the later part of life? How much accurate data do we have on mid-career changes? We're aware that the University of Wisconsin Fay McBeath Center has been undertaking a research project on older people and college attendance. What are the implications for other kinds of colleges and universities? How many admissions programs for medical schools, dental schools, and other professional as well as undergraduate colleges and universities continue to use either implicit or explicit age criteria? What problems do midlife school returnees meet?

Equally important as topics of investigation are those relating to the attitudes of faculty members toward returning adult students. What do we know about faculty attitudes toward the returned student? What are the implications of such data? We talk about lifelong education. What kinds of education are needed at different stages of life? What can we do in the earlier years of life that will encourage people to view educational organizations as appropriate resources throughout the life cycle and how can educational institutions be changed to accept education as a lifelong actuality?

What are we teaching children in the primary grades about old age and aging? About work and retirement? While there are attempts to introduce curriculum content on these topics in the kindergarten through 12 grades, how effective have they been? How can you teach young children about work, retirement, and aging? Or do you? Are the curriculum materials being used to teach young children about aging doing an accurate job or do they provide further reinforcement of existing stereotypes? How do you teach teachers about aging and the teaching of life cycle approaches? Once again, all of these are researchable questions on which, as yet, we have little data. Answers to these questions will give us some indication about the usefulness of education in achieving attitude changes. They will provide us with ways of developing more adequate lifelong educational opportunities and programs for people.

We talk about growing old. What do we mean in terms of growth when we talk about education, work, and retirement?

The Association for Gerontology in Higher Education is an institutional organization representing institutions of higher education in which there are programs related to the study of aging. As an educational organization, obviously we stress the importance of education, of research, and of public service. It is as inappropriate for us to speak against these topics as it would be to speak against motherhood. It is our convicition that one of the best sources for generating new information is institutions of higher education and that colleges and universities have a responsibility to engage in research relating to aging. In times of decreased enrollment and limited income, it becomes increasingly necessary that such research be externally funded, frequently by Federal and State government agencies. At the same time that it is vital to undertake research, it is also important to transmit such information to our students.

While the temptation is either to over or undersell education, it is not a universal panacea providing us with solutions to all problems, but is one of the better mechanisms we have of maintaining a democratic system and encouraging an enlightened social policy. While it is very doubtful that we will find a perfect solution to problems relating to work, retirement, and lifelong education, we can learn through our research endeavors—adequately funded research endeavors—some of the sources and causes of past errors. We can learn more about the consequences of past social policies and programs. We can gather increasingly accurate information about the realities of the world. In these ways, we can learn to minimize problems if not completely eliminate them. If we're careful, we can avoid making today's solutions the source of greater problems in the future.

We would like to submit for the record the attached supporting data indicating the need for funding of research and training in the field of aging. We might note that the tremendous need for personnel has resulted in hiring people inadequately prepared for the jobs that they are performing.

ROUNDTABLE DISCUSSION

Senator CHURCH. When I was in the Army, at this point my commanding officer usually asked for a volunteer. [Laughter.]

Who would like to volunteer for the discussion?

Mr. DANSTEDT. I will.

Senator CHURCH. Fine, Mr. Danstedt.

Mr. DANSTEDT. I think we can make this kind of observation and supplemented by Betty Duskin and Lou Ravin.

I think we doubt very much if the age discrimination act is going to have much of an impact on people continuing to work when they become eligible for retirement benefits. That is the first point. I don't think you can tell much at this point, but I doubt that that is going to happen because I think had we established a pattern of people retiring at 62 and 65 we are going to have to deal with them. I think there is going to have to be a lot of attention paid to shaping up the attitudes of industry and the unions toward continuing to provide employment for older people.

Then I think something must be done concerning a subject which I don't know very much about, but I have been strongly impressed by the fact that there must be out in the labor force the millions of people who are bored to death with their jobs and are working toward retirement. I know in the government sector, and the private sector too, in which they are literally saying "wait until the golden days come" and as soon as it looks like they have a decent retirement benefit, bang, they go. So one has to address also the business of making a satisfying situation to people if they are going to stay around, and if they are needed, and not be atracted out of the labor force because of the state of retirement benefits available.

Senator CHURCH. Mr. Brickfield.

Mr. BRICKFIELD. We agree that there won't be a strong, immediate impact. In fact, I have been reading some economic reports and actuarial reports which say that raising the mandatory retirement age will have a very small impact in the beginning. However, I don't think, Senator Church, that is a true indicator of the long-term effect. I think, especially in these days of inflation, more and more older people need to work, they simply must work, and we need to eliminate the various barriers to their employment.

For example, we need to eliminate mandatory retirement completely. We need to eliminate the social security earnings limitations test which is a disincentive to full or maximum employment. I really think it is in a sense mandatory retirement. It is a form of mandatory retirement because you reach a certain earnings level and if you continue to work, you lose at least some, if not all, of your benefits.

Senator CHURCH. We have moved that retirement test up very substantially. It is now $4,000 and will be $4,500 next year.

Mr. DANSTEDT. If you live to be age 72.

Senator CHURCH. If you live to age 72, it is eliminated entirely.

Mr. BRICKFIELD. If we can only progress incrementally, we should at least continue to raise the exempted earnings amount and at the same time continue to reduce the age at which the limit is removed so that eventually, when you do retire, you can earn as much as you want and continue to collect your full social security.

Senator CHURCH. There has been quite a lively argument on these questions and I see several hands.

Jim Hacking.

Mr. HACKING. In view of the demographics with which we are faced, we should, as a matter of public policy, try to induce a maximum work effort on the part of older workers and older persons. In

order to do that, we have to get rid of disincentives like the earnings limitation and we must begin to have built-in incentives, rewards to encourage increased work effort as we go on into the future.

Senator CHURCH. Those to increase the amount of retirement that a person would receive to continue to work beyond the age of 65. In other words, the incentive now does not amount to very much. In fact, it falls considerably short of the anticipated annual increase in the cost of living. Would increasing the delayed retirement credit be an inducement to continue to work?

Mr. HACKING. That certainly would be helpful. However, it is not enough when you have these preexisting disincentives that offset the incentive effect. The demographics with which we are faced are unalterable and we have to begin to accommodate these things. To the extent that we have in place today a combination of work disincentives or barriers that are forcing out of productive labor persons who could be productive and are willing and able to work, we are losing something—losing goods and services produced that would otherwise have been produced and we are losing tax revenues. In the future, it is going to be increasingly difficult to make ends meet as relatively fewer workers are called upon to support relatively more nonproducing retirees. So we have to begin to change this declining elderly labor force participation trend. It ought not to be carried on into the future.

RETIREMENT TEST

Ms. DUSKIN. I do take issue with Jim's position. I understand that we should not have disincentives to working, and I think that is more than adequately taken care of by liberalizing the retirement test. Someone who is totally involved in the labor force and thus loses all his social security benefits may be earning on the order of $14,000 or $15,000 a year as an individual. He or she already has sufficient incentive to work because income from earnings is so much higher than maximum social security benefits. I don't think the incentive question significantly affects the people at the upper end of the income ladder. The liberalization does work to supplement the income of those with meager earnings and benefits; the tax rate for them was too high previously. The liberalization is a good move forward but it is not necessary to eliminate the retirement test. To do so would drain the system on behalf of individuals who would work anyway.

Senator CHURCH. Could we just at that moment place in the record what present law provides in the way of future liberalization of the retirement test. This year the retirement test is $4,000; in 1979, it becomes $4,500; in 1980, it becomes $5,000; in 1981, it becomes $5,500; and in 1982, it becomes $6,000. Moreover, in 1982, the inapplicability of the retirement test will be lowered from 72 years of age to 70. So I think we are moving in the direction of eliminating one of the principal disincentives to work.

Mr. BRICKFIELD. And we fully support that.

Senator CHURCH. Yes.

Mr. BRICKFIELD. If I may ask an expression of views from the others in attendance.

Mr. AHRENS. Senator, I would like to jump in to say that from a local level representing the National Council on the Aging, I am not optimistic that people are that well fixed that they are not going to

stay on and work until 70. I think inflation has greatly damaged the retirement incomes of many, many people. I think the extension to 70 may have come just in time and that a large number of people will be choosing to stay on until they are 70.

Senator CHURCH. You may be right. Inflation is a real factor and that brings back the other question I raise. For purposes of getting the correct figures into the record, I want to note that the delayed retirement credit is 1 percent per year. That is not much if the dollar is depreciating at the rate of 8 percent. It is hardly an incentive at all.

Under the present law, I think we will go to 3 percent in 1982. I think Congress could well consider the need to increase that percentage much sooner and in a larger amount to provide some inducement to people who might otherwise be inclined to work if they felt that there would be some advantage to it when they finally retire.

Ms. DUSKIN. I agree with you completely that obviously that rise in the delayed retirement adjustment ought to at least keep up with inflation. How much further you go than that requires consideration of the cost to the system and the alternative liberalizations—on behalf of those who don't have good jobs or who can't work—that must be foregone. I think it is equally important to consider the group that is out of work among the younger or the elderly.

Senator CHURCH. Now I see from an eminent economist and a good friend of mine, the Secretary of Commerce, and others, vacancies beckoning that the age should be raised all 3 years in order to save money for such a period. I think these gentlemen who are urging the lift of any limits on earnings and social security are going in the same direction, and I think for this time that is the wrong direction. We have millions of people who retire early, who retire at age 62, some of them because they had been waiting to retire, but many of them because they had been unemployed for 1 or 2 years before that and had no choice.

Now we ought to be concerned about getting people like that back into the labor market, keeping them in the labor market, before we worry about getting people out at 67 and 68 and keeping them at work. That problem is solved in sufficient time to give real concern to these older people who are affected.

A FIXED NUMBER OF JOBS

Mr. HACKING. Senator, let me, by way of response to that, indicate that the present recovery is creating an enormous number of new jobs. There are apparently many people who have a static view of the world who think that the number of jobs is fixed and must be rationed, primarily to the young. We, however, view our economic world as dynamic. This economic recovery that is still in progress has witnessed the creation of a tremendous number of jobs. Some 2 million people many of them women, have come in to take those jobs. We don't think in terms of a static fixed number of jobs that have to be rationed to younger people, but rather we think in terms of a growing economy which offers a huge growing number of new jobs. We want the elderly to have an opportunity to get their share of these new jobs. But to do that, we have to get rid of the barriers and disincentives that force or discourage older people out of the work force. The statistics show

clearly that middle-age workers are unemployed for far longer periods of time than young workers. The figures also show that the older the unemployed worker is, the longer his period of unemployment is likely to be. We are simply not going to be able to make ends meet in the future if we continue this kind of situation. We might be able to do it if our productivity was as high today as it used to be, but as a matter of fact, our productivity is declining.

Senator CHURCH. Wouldn't we be better off all the way around if we more seriously addressed the central question of inflation?

Mr. HACKING. Yes.

Senator CHURCH. I am always puzzled at the lack of resolution in a whole succession of administrations when it comes to dealing with the problem of inflation.

Mr. MERIN. Senator, my association sees a special need, a need that is for a separate Consumer Price Index for the elderly. A number of national organizations have endorsed this concept. We believe that the present Consumer Price Index does not adequately reflect the needs of older persons in the two categories of greatest importance to them—food and medical care. I have some very clear data to support that assertion. I trust that the other groups represented here today support these efforts.

Senator CHURCH. There is a lot of support. I have sponsored a bill for that purpose.

Mr. DANSTEDT. We support that.

Senator CHURCH. It would reflect the typical budget for an older person.

Mr. DANSTEDT. Yes.

Senator CHURCH. I introduced that bill, S. 1243, and it is presently pending in the Congress.

STATEMENT OF DOLORES DAVIS, EXECUTIVE DIRECTOR, NATIONAL CAUCUS ON THE BLACK AGED, INC.

Ms. DAVIS. Senator Church, I would like to say that for the major national black aging organizations, and national black organizations in general, the elimination of the mandatory retirement age is a very controversial issue. One, there is the argument that if persons are allowed to stay in the labor force, this would mean inadequate jobs for you and not enough jobs for youth at the lower entry levels. Even greater than that, I think the greatest fear is that following elimination of the mandatory retirement age, and also because of the increases of the number of elderly in the population, eventually there will be arguments to extend the age eligibility for those who receive the social security benefits. That is the greatest fear, and because of the differentials of life in the black age population and other minority populations as well, this is a very, very serious concern.

The Black Caucus would like to go on record as opposing any distinction in the age of eligibility for the receipt of social security benefits.

Senator CHURCH. Would you tell me, Dolores, whether that gap in longevity is beginning to close? Do you have any data that would indicate that that gap is starting to close?

Ms. DAVIS. Yes. I have a chart.

Senator CHURCH. You just happened to bring a chart.

Ms. DAVIS. This shows life expectancy. I would like to personally thank Herman Brotman for being interested in this subject for many years. This chart was designed by Beth Solo with the George Washington University, and it shows the life expectancy. There are some other charts,[1] and I will have them passed out, that reflect the same problem. The differences in years in 1959, you can see at age 65 the gap was 8 years. Down to the present time in 1973, there was a differential of only 1.1 years at age 65. The real differential occurs particularly at the ages between 25 and 44, because of greater mortality among black males due to homicides and violent deaths. That is the reason for the differences in midlife which keeps the differences up, but at birth the differences in life expectancy are still a six-point differential at birth, but at age 65, we see that these differentials are decreasing for males and for females.

Now what is very, very interesting among the oldest age cohorts, those 85 and older, we find that there is an extension of life expectancy, and the rate is almost twice as great for the black elderly as for the white elderly.

Senator CHURCH. 85——

Ms. DAVIS. Well, it begins for black females at age 70 and for black males at about age 75. It is called the crossover effect and the reasons are not known, but we feel——

Senator CHURCH. I suppose if they are tough enough to make it to that age, they are especially hardy.

Ms. DAVIS. Senator Church, I would like to interject here a very interesting hypothesis in terms of the lack of access to institutional care for black elderly. We do not have access to institutional care at all so, therefore, we are thinking that the preponderance of black aged to live with their family's home health care, we are thinking that this might have, to some extent, an effect on the life expectancy of the aged blacks at this rate of increase.

Senator CHURCH. You know, that is a very interesting possibility.

Ms. DAVIS. They do not have access to institutional care.

Senator CHURCH. I have seen so many older people decline when they move or are moved by their families into nursing homes.

Ms. DAVIS. For every 21 white females living in an institution, there is only 1 black female, and, of course, females live longer than the males. We would like to do some research into this, because it would have a great impact and meaning for all older persons.

Senator CHURCH. It might help me in my efforts to get medicare to pay greater attention to home health care. I think something less than 3 percent of medicare part A outlays today go to home health care and everything else is institutional.

Ms. DAVIS. There is a related problem to family support. Secretary Califano, in his testimony on July 17, testified to the need for supported family care. He indicated that HEW, of course, is providing little incentives for providing this kind of supportive care, but under the supplemental security income program not only is there a little encouragement, there is indeed a penalty for families who live——

Senator CHURCH. That is income in kind.

Ms. DAVIS. Income in kind. There is a penalty, but you see even so this is an area where incentives need to be provided.

Senator CHURCH. Absolutely.

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[1] See pp. 307–313.

Ms. DAVIS. Because the benefit of only $189 a month being subtracted because you can choose to live with a family relative being deducted seems a crime in our society.

Senator CHURCH. I agree with you. When we talk about the enormous increasing costs of the entire retirement program and medical care program, we have not begun to calculate how much of this is self-imposed by the system. The system has been built, to a very large degree, around supporting institutions—hospitals, nursing homes, and the like. It would clearly be much less costly—and in most cases more satisfactory—if we had some way of encouraging or helping families to help their own, as most families would want to do, if they could manage it.

Ms. DAVIS. Make very serious applications for it right here.

Also, in terms of the SSI program, in kind transfer programs, we are talking about incentives to work. That program is a locked in program of poverty because even if you choose to work there are no incentives. You can only make $65 a month if you are receiving SSI. That amounts to $16.25 a week, 41 cents an hour. We are talking about supplementing meager incomes, particularly of black females, and this is the only financial support they have, and it is my belief they would like to work because they have such a medium income. The Harris-NCOA poll shows that they must work in order to meet other financial needs such as housing, providing for medical cost. If you look at the cost of living, it is up 7 percent for retired elderly urban couples due to rising medical costs. I think that we have to look at the provision of making for income maintenance programs and for allowing incentives for people at the lower age, lower income level, as well as the upper income levels as well. It is a very serious problem.

Senator CHURCH. Thank you very much.

[The charts referred to by Ms. Davis follow:]

TABLE I.—PERCENTAGE DISTRIBUTION OF TOTAL MONEY INCOME FOR THE POPULATION 65 YEARS OF AGE AND OVER, BY RACE: 1975

Total money income	Race	
	Black	White
Without income	4.0	6.4
With income	96.0	93.6
	96.0	93.6
$1 to $999	10.7	7.2
$1,000 to 1,499	16.9	8.4
$1,500 to 1,999	22.0	9.9
$2,000 to 2,499	10.4	8.8
$2,500 to 2,999	8.6	8.6
$3,000 to 3,499	5.6	6.0
$3,500 to 3,999	5.5	9.4
$4,000 to 4,999	4.2	7.5
$5,000 to 5,999	2.4	4.8
$6,000 to 6,999	1.5	3.9
$7,000 to 7,999	.8	3.2
$8,000 to 8,999	.3	2.0
$9,000 to 9,999	.9	3.4
$10,000 to 11,999	.4	3.0
$12,000 to 14,999	.8	2.1
$15,000 to 19,999	(1)	.9
$20,000 to 24,999	(1)	1.3
$25,000+		
Total	100.0	100.0
Total persons (thousand)	1,796	19,654

[1] Less than 0.1 pct.

Source: U.S. Bureau of the Census current population report, series P-60, No. 105, "Money Income in 1975 of Families and Persons in the United States," table 46.

TABLE II.—PERSONS 65 YEARS OF AGE AND OVER BELOW THE POVERTY LEVEL, BY RACE: 1966, 1969, 1971, 1973–75

[In thousands]

Year	Black		White		Ratio of black to white rate
	Number below poverty level	Poverty rate	Number below poverty level	Poverty rate	
1966	722	55.1	4,357	26.4	2.09
1969	723	49.2	4,125	23.7	2.08
1971	623	39.3	3,605	19.9	1.97
1973	620	37.1	2,698	14.4	2.58
1974 [1]	591	34.3	2,460	13.8	2.64
1975 [1]	652	36.3	2,634	13.4	2.71

[1] Based on revised methodology for computing poverty levels.

Source: U.S. Bureau of the Census, series P-60, No. 103, "Money Income and Poverty Status of Families and Persons in the United States: 1975 and 1974 Revisions" (advance report), table 17.

TABLE III.—POVERTY RATES FOR THE POPULATION 65 YEARS OF AGE AND OVER BY REGION, METROPOLITAN-NONMETROPOLITAN PLACE OF RESIDENCE, AND FAMILY STATUS: 1975

Region, metropolitan-nonmetropolitan, and family status	Percent of total below poverty level	
	Black	White
U.S. total	36.3	13.4
Metropolitan, persons 65 plus	29.0	10.3
In families with head 65 plus	24.0	6.5
Not in families	56.3	22.9
Nonmetropolitan, persons 65 plus	52.1	18.6
In families with head 65 plus	45.5	10.8
Not in families	72.5	36.9
North and west	22.7	10.6
Metropolitan, persons 65 plus	20.3	8.9
In families with head 65 plus	16.5	3.8
Not in families	41.5	20.3
Nonmetropolitan, persons 65 plus	(1)	14.2
In families with head 65 plus	(1)	6.4
Not in families	(1)	30.6
South	36.6	11.4
Metropolitan, persons 65 plus	40.6	14.6
In families with head 65 plus	25.5	7.6
Not in families	74.9	31.7
Nonmetropolitan, persons 65 plus	52.2	24.7
In families with head 65 plus	46.1	16.6
Not in families	73.9	46.4

[1] Base less than 75,000 persons.

Source: U.S. Bureau of the Census current population reports, series P-60, No. 106, "Characteristics of the Population Below the Poverty Level: 1975," table 9.

TABLE IV.—AVERAGE MONTHLY SOCIAL SECURITY BENEFIT OF RETIRED WORKERS AND DEPENDENTS BY RACE: 1960, 1967, AND 1973

Type of beneficiary	Average monthly benefit						Ratio of average monthly benefit				
	1960		1967		1973		1960		1967	1973	
	White	Black and other	White	Black and other	White	Black and other	Black	Black and other/white	Black and other/white	Black and other/white	Black/white
Retired workers	$75.00	$58.90	$86.90	$68.50	$169.20	$136.70	$134.70	.79	.79	.81	.80
Male	83.00	65.40	96.10	76.20	185.60	151.30	149.70	.79	.79	.82	.81
Female	60.60	46.60	73.20	56.90	148.50	117.30	116.60	.77	.78	.79	.79
Dependents:											
Wives	39.20	28.10	44.90	32.20	86.30	62.40	62.30	.72	.72	.72	.72
Children	30.00	18.00	35.80	23.10	66.30	45.00	45.40	.60	.64	.68	.68

Source: Thompson, G. B., "Blacks and Social Security Benefits: Trends, 1960-73," Social Security Bulletin, April 1975, table 4.

TABLE V.—PERCENTAGE OF PERSONS 65 YEARS OF AGE AND OVER RECEIVING SELECT TYPES OF INCOME, BY RACE AND FAMILY STATUS: 1975

Family status and type of income	Percent of elderly receiving income from sources	
	Black	White
Head, 65 years and over:		
Earnings [1]	56.5	48.7
Wages and salaries	53.3	40.4
Nonfarm self-employment	4.2	7.5
Farm self-employment	2.8	5.7
Income other than earnings [1]	96.7	91.7
Social security income	85.3	85.3
Public assistance income	12.0	1.3
Supplemental security income	26.9	4.7
Other transfers of payment [2]	12.9	12.0
Dividends, interest, and rent	20.9	66.4
Private pensions, government pensions, alimony, annuities, etc	18.1	39.4
Total with income	100.0	100.0
Total persons (thousands)	673	7,424
65 plus,not in families:		
Earnings [1]	20.0	17.2
Wages and salaries	18.4	13.0
Nonfarm self-employment	1.5	2.5
Farm self-employment	(3)	2.2
Income othe than earnings [1]	97.5	98.2
Social security income	85.0	90.6
Public assistance income	5.7	1.8
Supplemental security income	39.2	11.3
Other transfers of payment [1]	10.0	8.4
Dividends, interest and rent	13.5	58.0
Private pensions, government pensions, alimony, annuities etc	8.8	26.2
Total with income	100.0	100.0
Total persons (thousands)	599	6,200

[1] Detail does not add to 100 percent because some families and individuals receive income from more than one source.
[2] Unemployment and workman's compensation and veterans payments.
[3] Base less than 10,000.

Source: U.S. Bureau of the Census, current population report, series P-60, No. 106, "Characteristics of the Population Below the Poverty Level: 1975," table 38.

TABLE VI.—POVERTY RATE FOR THE POPULATION 65 YEARS OF AGE AND OVER BY TYPE OF INCOME, RACE, AND FAMILY STATUS: 1975

[In percent]

Family status and type of income	Poverty rate	
	Black	White
Head, 65 years and over:		
Earnings	4.3	5.0
Wages and salaries	18.4	4.4
Nonfarm self-employment	17.3	7.6
Farm self-employment	31.5	11.3
Income other than earnings	28.8	6.7
Social security income	27.2	9.6
Public assistance income	64.8	51.3
Supplemental security income	39.8	25.5
Other transfers of payment [1]	16.7	5.6
Dividends, interest and rent	5.4	2.2
Private pensions Government pensions, alimony, annuities, etc	20.6	7.2
65 plus not in families:		
Earnings	30.8	14.9
Wages and salaries	33.6	11.7
Nonfarm self-employment	(2)	19.7
Farm self-employment	(2)	26.1
Income other than earnings	60.6	27.3
Social security income	58.3	26.6
Public assistance income	88.2	70.9
Supplemental security income	78.7	61.2
Other transfers of payment [1]	33.3	19.4
Dividends, interest and rent	25.9	14.1
Private pensions, Government pensions, alimony, annuities, etc	11.3	4.6

[1] Unemployment and workman's compensation and veterans payments.
[2] Base less than 10,000.

Source: U.S. Bureau of the Census, current population report, series P-60, No. 106, "Characteristics of the Population Below the Poverty Level: 1975," table 38.

TABLE VII.—EDUCATIONAL ATTAINMENT BY AGE, SEX, AND RACE: 1970

[In percent; base numbers in parentheses]

Race, sex, and age	Level of educational attainment: 0 years	1 to 8 years	Some high school	High school graduate	Some college	College graduate or more	Total	
White males:								
60 to 64	1.4	41.6	20.2	19.1	8.4	9.4	100	(3,663,861)
65 to 69	2.0	51.4	17.1	14.5	7.1	8.0	100	(2,800,064)
70 to 74	3.1	55.6	15.4	13.0	6.4	6.6	100	(2,108,971)
75 plus	6.0	60.0	12.1	10.8	5.5	5.7	100	(2,755,089)
Total	3.0	51.1	16.6	14.8	7.0	7.6	100	(11,327,985)
Black males:								
60 to 64	5.9	67.8	14.0	7.3	2.7	2.4	100	(337,974)
65 to 69	8.9	71.6	10.2	5.3	2.2	1.8	100	(279,685)
70 to 74	11.1	71.4	8.5	4.9	2.2	1.7	100	(188,756)
75 plus	15.4	68.7	7.5	4.5	2.1	1.7	100	(223,281)
Total	9.7	69.7	10.6	5.7	2.3	2.0	100	(1,029,698)
White females:								
60 to 64	1.3	36.1	21.0	24.0	10.0	7.6	100	(4,173,191)
65 to 69	2.0	44.4	18.5	19.7	9.1	6.2	100	(3,497,162)
70 to 74	3.3	49.3	16.6	17.5	8.2	5.2	100	(2,875,600)
75 plus	5.0	53.4	14.6	15.7	7.2	4.3	100	(4,323,390)
Total	2.9	45.6	17.7	19.3	8.6	5.9	100	(14,869,343)
Black females:								
60 to 64	3.7	62.3	18.3	9.0	3.2	3.5	100	(404,380)
65 to 69	5.7	68.3	13.7	6.9	2.8	2.6	100	(354,097)
70 to 74	7.2	69.8	11.6	6.3	2.8	2.3	100	(233,426)
75 plus	11.4	68.2	9.7	5.9	2.6	2.2	100	(306,750)
Total	6.7	66.7	13.8	7.2	2.9	2.7	100	(1,298,653)

Source: U.S. Bureau of the Census, "1970 Census of Population, Detailed Characteristics—U.S. Summary," PC (1)-D1 table 199.

TABLE VIII.—EDUCATIONAL ATTAINMENT BY AGE, SEX, AND RACE: 1970

[In percent; base numbers in parentheses]

Race, sex, and age	Level of educational attainment: 0 to 8 years	Some high school	High school graduate	Some college	College graduate or more	Total	
White male:							
55 to 64	38.7	20.7	22.2	8.8	9.7	100	(7,387,036)
65 to 74	55.7	16.4	13.8	6.8	7.4	100	(4,909,035)
75 plus	66.0	12.1	10.8	5.5	5.7	100	(2,755,089)
Total	48.8	17.8	17.6	7.6	8.2	100	(15,651,160)
Black male:							
55–64	69.6	15.9	8.9	3.0	2.6	100	(746,414)
65 to 74	81.3	9.5	5.1	2.2	1.8	100	(468,443)
75 plus	84.1	7.5	4.5	2.1	1.7	100	(223,281)
Total	75.7	12.5	7.0	2.6	2.2	100	(1,438,138)
White female:							
55–64	33.9	21.5	27.2	9.9	7.5	100	(8,889,372)
65 to 74	49.1	17.7	18.7	8.7	5.8	100	(6,372,762)
75 plus	58.4	14.6	15.7	7.2	4.3	100	(4,323,390)
Total	44.3	18.7	21.9	8.9	6.2	100	(19,585,524)
Black female:							
55 to 64	62.1	20.3	10.7	3.3	3.6	100	(877,667)
65 to 74	75.2	12.8	6.7	2.8	2.5	100	(587,523)
75 plus	79.6	9.7	5.9	2.6	2.2	100	(306,750)
Total	69.4	16.0	8.6	3.0	3.0	100	(1,771,940)

Source: U.S. Bureau of the Census, "1970 Census of the Population, Detailed Characteristics—U.S. Summary," PC(1)-D1, table 199.

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TABLE IX.—EDUCATIONAL ATTAINMENT BY AGE, SEX AND RACE: 1975

[In percent, base numbers in parentheses]

Race, sex, and age	Level of educational attainment						
	0 to 8 years [1]	Some high school	High school graduate	Some college	College graduate or more		Total
White males:							
55 to 64	28.8	17.9	32.6	9.6	11.3	100	(8,324,000)
65 to 74	44.1	16.9	19.8	8.4	10.7	100	(5,264,000)
75 plus	61.7	10.4	13.3	6.0	8.7	100	(2,629,000)
Total	39.1	16.3	25.3	8.7	10.6	100	(16,217,000)
Black males:							
55 to 64	61.5	19.1	11.8	5.5	2.1	100	(766,000)
65 to 74	75.8	10.3	8.0	2.4	3.7	100	(488,000)
75 plus	86.5	1.9	6.9	3.6	1.1	100	(239,000)
Total	70.2	13.5	9.7	4.1	1.1	100	(1,493,000)
White females:							
55 to 64	25.8	18.4	38.7	9.5	7.5	100	(9,299,000)
64 to 74	39.8	17.5	25.7	9.4	7.6	100	(6,897,000)
75 plus	54.3	13.4	18.7	8.3	5.4	100	(4,416,000)
Total	36.6	17.1	30.1	9.2	7.1	100	(20,612,000)
Black females:							
55 to 64	52.3	22.7	16.5	4.2	4.3	100	(918,000)
65 to 74	72.5	13.5	9.5	2.1	2.3	100	(639,000)
75 plus	80.6	8.8	6.6	2.2	1.9	100	(356,000)
Total	64.3	17.1	12.3	3.0	3.2	100	(1,913,000)

[1] Using published data from 1975, older persons without any formal education are indistinguishable from those who completed 4 years of school or less.

Source: U.S. Bureau of the Census, current population reports, series P-20, No. 295, "Population Characteristics, Educational Attainment in the United States: March 1975," table 1.

TABLE X.—LIFE EXPECTANCY AT SELECTED AGES, BY SEX AND RACE: 1959-61, 1970, AND 1973

Year and age	Male			Female		
	Black and other races	White	Difference in years	Black and other races	White	Difference in years
1959:						
0	61.5	67.6	6.1	66.5	74.2	7.7
40	28.7	31.7	3.0	32.2	37.1	4.9
65	12.8	13.0	0.2	15.1	15.9	0.8
1970:						
0	61.3	68.0	6.7	69.4	75.6	6.2
40	28.6	31.9	3.3	34.2	38.3	4.1
65	13.3	13.1	0.2	16.4	17.1	0.7
1973:						
0	61.9	68.4	6.5	70.1	76.1	6.0
40	28.7	32.2	3.5	34.4	38.5	4.1
65	13.1	13.2	0.1	16.2	17.3	1.1

Note.—The data in this table charts the course of changes in life expectancy at selective ages, by sex, for whites and nonwhites. At any point in time or at any age, males, white or nonwhite, have lower life expectancies than their female counterparts. Over time, sex differences in life expectancy are diverging. Life expectancy at any age, but particularly at birth, has improved but the increment is not uniform by race. At birth, approximately a 6-year difference separates whites and nonwhites. By age 40, racial differences have converged and by age 65 differences in life expectancy between whites and nonwhites are minimal.

Source: U.S. Bureau of the Census, 1974, current population reports, series P-23, No. 54, "The Social and Economic Status of the Black Population in the United States," table 81.

TABLE XI.—PERCENT OF PERSONS 65 YEARS OF AGE AND OVER REPORTING A PROBLEM AS BEING SOMEWHAT OR VERY SERIOUS, BY RACE

[In percent]

	Race	
	Black	White
Not enough money	75	36
Fear of crime	65	46
Poor health	70	48
Not enough education	56	22
Not enough job opportunities	28	10
Loneliness	45	27
Poor housing	37	7
Not enough medical care	47	21
Not enough clothes	27	5
Not enough to do	33	15
Not feeling needed	28	18
Not enough friends	22	14
No car	30	23
Availability of buses	43	24
Cost of bus	26	15

Source: 1974 National Council on Aging—Harris survey of aging, as reported in Jackson and Wood (1976).

Senator CHURCH. Dr. Forman.

Dr. FORMAN. I am sorry to find myself on the opposite side of the fence, so to speak, but I think that is so in respect to the statements made before. The Gray Panthers are unalterably opposed to mandatory retirement in any shape or form. To me, it seems that the key word in the opening statement was that it is doubtful whether anything can be gained by "allowing." The key word is "allow," and it is a humanitarian issue rather than simply a question of economics. I would like to ask, in that connection, what retirees are supposed to do for 20 or 25 years after they have been forced to retire, twiddle their thumbs, or enter into playpens for the elderly, or engage in some other programs based on disparagement of the old?

I know these are emotionally charged issues. I understand why supporters of the rights of black people are aroused. I agree that many injustices have been done and are being done, but I can't see any reason for the tradeoff of one injustice for another. I think we are merely evading real issues.

There are other things that have to be addressed. Something has to be done. I can see why discriminatory injustices occur, but I don't see why discrimination on the basis of age is any better than discrimination on the basis of race. They both have to be attacked, but perhaps attacked in different ways. I don't think it is fair to play a game of musical chairs with older people, younger people, blacks, whites—to see who can get into that chair at the most propitious

moment. There are things that can be done, and many of our legislators have addressed that problem. I think it is important that we continue addressing them, and that we get into them deeply, to find some kind of reasonable answers, but they have to be rational answers to what seem to be extremely complex problems.

"Gradualism" Does Not Work

I would also like to say something in response to the original question regarding the probable impact the change from the former ceiling for mandatory retirement will have on most work in the private sector. I think that such recommended gradualism just does not work. It does not do a bit of good. I was forced to retire in 1976, against my will, when I was enjoying my work and wanted to continue. But I wasn't allowed to continue. Nobody asked me whether I wanted to retire. Since that time, I find that I just can't get back into the mainstream. Believe me, I have been trying for the past 3 years. I am pleased to find apparent reversal of feeling on the part of both legislators and "aging" advocates and industrial representatives with regard to any kind of retirement. I think we have finally come to the realization that early retirement in our system is something we simply cannot afford—whether it is voluntary or involuntary. That, I think, is the sense of the objections raised—in terms of the impact that it has on people who are still working, on the social security system, and on all the other token advantages that are supposed to be given to older people by the various new laws and new rules.

Mr. Ravin. I would like to emphasize Mr. Forman's point of view. I won't take too long. This, basically is the question of civil rights.

Dr. Forman. Exactly.

Mr. Ravin. I personally view discrimination based on age just as much as an incursion on civil rights as is the factor of race or sex. A man or a woman should have the right to retire or continue working, to work full time or part time, or on a voluntary basis, depending upon his abilities and his desires; to say that they have to move out because the jobs are needed by somebody else is the very argument that was rejected in the Age Discrimination and Employment Act. The arguments of all the companies at that time was that middle-aged and older people, to a large extent, had to make room for young blood. Now the argument is that we have got to make room for those people who have been discriminated against in the past. However, the argument is no better on principle than that of making room for youth. I find it very difficult to understand someone who is representative of blacks and women proposing that kind of offense to an individual's civil right.

Senator Church. I asked the original question, what impact is to be expected from the law that we passed this year which increases the permissible mandatory retirement age from 65 to 70 and which virtually eliminates mandatory retirement for all Federal employees. To consensus, as I gather it, is that this is not likely to have much perceptible effect on whether or not people elect to retire early.

Mr. Ravin. Well, the history of the law proved that. After all, it has been in effect 11 years, and it was said by the original opponents to that legislation that the people should be quitting earlier and

they would not if the law was enacted. The fact is that the age of retirement has decreased. I think there are some special situations possibly in higher education and government.

Senator CHURCH. I understand that.

Mr. DANSTEDT. We have to go through a whole series of lawsuits like we did in sex discrimination.

Senator CHURCH. The real question is: Will more people tend to work until the age of 70—quite simply because they are no longer required to retire at 65—or will they continue to retire at 62 or 65, at which time they are eligible for social security? I know we cannot get a definitive answer to this until we have sufficient experience to test the figures against the earlier experience behavior. I understand, Mr. Merin, you have different view concerning the impact for Federal workers.

Mr. MERIN. When Mr. Campbell testified before the committee, he noted that in his opinion the abolition of mandatory retirement for most Federal personnel would have little or no effect on the work force. We disagree. Mandatory retirement in and of itself, serves as a serious psychological disincentive to productivity. Brief conversations with personnel officers throughout the Government indicate changes are underway. Many employees nearing retirement age are not opting to stay on the job. They are pleased about their new freedom of choice.

WHO WILL PRODUCE NATIONAL PRODUCT?

We see the Federal Government as a leader in setting personnel policy and that is why the abolition of mandatory retirement for Federal personnel was important. The complete abolition of mandatory retirement is necessary if the age discrimination acts are to be realized or the full import of the ADEA amendments are to be realized. Can we afford mandatory retirement? Can we afford early retirement? The inactive or retired population is growing at a significantly faster rate than the active or working population, and by the year 2020, 45 percent of the population will be either under 18 or over 65. Given the present configuration of our society, it raises some very serious questions about who will produce this country's gross national product. As with so many matters, it all comes back to dollars and cents economics.

Senator CHURCH. Let me ask the panel this. It seems to me that we have at either end of the spectrum a somewhat similar problem. In one case, we are addressing that problem quite effectively and in the other much less so. When young people are attending college, a great many of them need to supplement their income and help pay their way through college by working. Just 2 days ago, I was at Boise State University in my own hometown. The president of the university told me that 70 percent of the students at that university had jobs and were helping to pay their way. They could not get their college education except by supplementing their income with jobs. He spoke very willingly about the Federal student work program that helps these universities pay students for work on campus.

So we have that and other programs to provide part-time work for students who need part-time work. Now what are we doing for older

folks who retire but would like to supplement their income with part-time work? Can we have some discussion on that issue?

Mr. Merin.

Mr. MERIN. I think that we need to change job opportunities to make them more compatible with changing mental and physical capabilities. Flextime employment is a concept which embodies this philosophy. Legislation approved by committees of the House and Senate would, if enacted, adopt flexitime work schedules for Federal personnel. Retirement need not mean diminished capability but rather enriched opportunity. Flexitime schedules represent a vehicle for achieving this goal. It must be extended to all work sectors of our society to insure maximum success.

Mr. DANSTEDT. We are having a session here in October and I am sure it is going to address itself to that subject. We have done a lot of work.

Senator CHURCH. I know they have been experimenting with this and we ought to know the results of that experiment.

Mr. Ahrens.

Mr. AHRENS. I would like to talk about the framework in which I would fit some of these mechanics that relate to how jobs might be handled, how education might be handled. I would agree that individual human rights are indivisible by age, race, sex, or any other kind of senseless discrimination. We need some view of human development as a continuing process over the lifespan. If we have that, then we are not in the position, I think, of pitting race against age or youth against age.

I would be concerned about the distribution of work, of opportunities for education, of leisure time, across a lifetime, because I think these institutions in our society are presently organized in a way that does not serve us too well. They don't really serve individual lifestyles. We spend one-third of life in school—and that is not education until you add experience—and serve another third at work, and then another third in retirement, or poverty, you name it. We ought to mix work, education, and leisure, as society has demands and as the individual has needs. There is not any reason in the world why somebody at the age of 90 should not have a part-time job or full-time job if he can function. At the age of 50, if someone wants to go back to college and get a degree, it should be possible. We could get rid of the word "dropout" if there were enough opportunities over the lifespan to plug in. Lots of youngsters need the——

Senator CHURCH. You are really talking about the need for lifelong educational opportunities in connection with job training.

Mr. AHRENS. The kinds of things you are mentioning, such as job training, need to be looked at in this larger framework. I think we have got to take a look at the three together.

Then, if I might add, I think these hearings are tremendously important.

I was happy to read through all of the July testimony over the Labor Day weekend. We made copies of it and I have made it required reading of my staff, because I think these are really fundamental issues of public policy, and I am delighted to see us addressing them.

Senator, I want to say—and I doubt if there is anybody in the room that does not share my view—that since you are going to be leaving the committee in the future——

Senator CHURCH. The chairmanship, not the committee. I will not leave this committee.

Mr. AHRENS. I am delighted to hear that. I want firsthand to express the appreciation we have for the things that you have done and for the fact that these kinds of tacky, difficult issues, are finally being faced and discussed. It is an opportunity, really, to get the big things out in front and to inquire into them.

Mr. BRICKFIELD. May I supplement?

Senator CHURCH. Yes, Mr. Brickfield.

Mr. BRICKFIELD. The American Association of Retired Persons truly believes in the concept of lifetime learning, not only for pleasure, but also to enhance one's skills and to learn new skills. We think that title IX is a great program for employment opportunities, but we think that in the CETA program much more could be done for the elderly. We don't think the elderly are getting anywhere near their fair share of the jobs available under the CETA program. We have a division within our associations, which we call the Institute of Lifetime Learning, and it has affiliations with some 400 universities and community colleges across the United States. Our institute encourages universities to emphasize older adults in their education programs. Older students should be able to take French, or typewriting, or courses to improve their present skills or to learn new skills.

EDUCATION AT SENIOR CENTERS

We hope before too long to move our institute's emphasis away from the university setting, while continuing it at the community college level, but move it into senior centers so that educational training is more readily available. This would enable us to reach more older people who could continue to learn over their lifetimes, improve their skills, and seek employment to which they can bring the new knowledge and skills acquired.

Senator CHURCH. Yes, Mr. Kaskowitz.

STATEMENT OF ED KASKOWITZ, EXECUTIVE DIRECTOR, GERONTOLOGY SOCIETY

Mr. KASKOWITZ. We are clear on this from the industrial revolution, as Bob was referring to. We are now trying to find ways where we can provide people the opportunity to take advantage of the enriched kinds of jobs and functions that there are around. I often think of social health education in grade school as gerontological education. You teach a child to brush his teeth in the second grade class—if you want your teeth in old age, you better start now.

I sometimes wonder. We really call for more of a look at the total educational function in life to provide people with the capacity to take on roles and jobs in future years for jobs don't even exist yet. I call for a closer affiliation between associations in aging and the education programs, even at the level of preschool and elementary school. I sometimes think of astronaut training as a program in accelerating age. It is an admission that we must take a person at a given age and give them a superaboundance of experiences so that they are able to make a judgment in a given situation. One of the unique functions of

aging is that over time you do gain a number of experiences and perhaps at a full capacity to make the judgments. The work of Carl Eisdorfer in the middle to late sixties has not been completely tied up. He did some startling research, where he demonstrated as a person ages they maintain their capacity to learn, but there is a change physiologically. I think we need to address more of that physiological capacity to function. Take a look at the laws we have already for pilots and their ability to stay on the job. They still don't complete address the individual's capacity. Those are the kinds of questions that affect large numbers of people as they age.

Senator CHURCH. It appears as if there may be a vote. I must vote, but I hope that the discussion could continue in my absence because a record is being made. I am not exactly in the position of the Idaho justice of the peace who in the midst of trying a case told the witnesses to go ahead with the evidence because he had to go out and irrigate the north fork. [Laughter.] I will get the information.

I will go vote on the agricultural export bill. So, please continue the discussion and I will be back just as soon as I can.

MIND-SET FOR YOUTH

I would like to throw out, though, one idea concerning the mind-set of our society. For example, I mentioned earlier that a youngster of college age whose parents may furnish him with part of the money he needs for his education—paying his tuition, his book fees, and so on—but expect him to earn his spending money and any extra money he may need. That youngster can go to an employer and ask for a part-time job and the employer is immediately responsive, understands the situation, is anxious to help, and approves of the fact that the young person involved is trying to earn his way through college to pay a part of the expense. But if an older person goes to an employer and says, "I am retired, I would like a part-time job to supplement my income," the attitude is likely to be quite different. The attitude is likely to be that you have your retirement, what do you need extra money for? It is better to give this part-time job to someone else. We have a social security system set up and you have money that you can look at and, therefore, you are less in need on the job. The attitude is quite likely to be negative, even though the circumstances are quite similar. In the student's case, he is getting help but not enough and, therefore, must help himself. In the older person's case, he is getting help but maybe not enough; he needs to supplement that help and wants to work part time to do it.

Why should the attitude be so different in the two cases? I think typically it is.

Mr. RAVIN. There is one notable exception. I represent the National Council of Senior Citizens senior aide staff. More than half of my staff are part-time older people. It was not a gesture of charity in their direction, I simply got the very best people I could get.

Senator CHURCH. I would expect it of your organization, but I think your organization is the exception that proves the general rule.

Excuse me. I will be back as soon as I vote. Bill Oriol will take over in my absence.

Mr. AHRENS. Bill, if the young people who want part-time jobs depend on the Government employment service for them, they still will be looking, too. Most of them have the help of the very effective people who work in college placement bureaus and others who are helping them to find the jobs, and yet they don't have enough. I think that I call older worker employment an agenda on which we really have a need.

Mr. ORIOL [presiding]. Your office on senior citizens has worked very closely with the manpower agency. Have you been able to do anything in making it more possible for an older person to find a part-time job?

Mr. AHRENS. Yes; we have, and yet the program always skates on a certain amount of thin ice. We were able, since I sit on the manpower council, to convince them that the manpower target for jobs and training opportunities for the older workers should be in terms of their proportion of the unemployed population; 20 percent of the unemployed are older workers and 20 percent of the jobs ought to go to them. We also set aside 3 to 5 percent for the handicapped of all ages.

So we have got thousands of jobs, but I am always getting the word, you know, that this is on thin ice because even though the Department of Labor in Washington says it supports these kinds of programs, word gets out to the field that maybe you better take a look at what city is being cost effective, and that is how you rate them.

So then they worry whether providing jobs for older and handicapped workers brings down the level of cost effectiveness, since it is still harder to place them in private employment.

Mr. ORIOL. I am not clear on who is determining this cost effectiveness.

Mr. AHRENS. I am not either. I think it is more in the nature of information that is communicated verbally rather than anything I have seen in writing. But we are continually being pressured on that issue, so I am wondering how long we will be able to continue funding at the level we are now doing in Chicago. You know, someone says, well, Cleveland is being more cost effective.

Mr. ORIOL. How is cost effectiveness determined, and why is there a penalty for serving more older workers than perhaps another city does?

Mr. AHRENS. I suppose it would depend on how many support services you need and how many people you send out of the program to and unsubsidized job. It is more difficult to do this with older and handicapped workers than other segments of the population, because of the very problems that made you start the program in the first place. They represent such a significant percentage of the unemployed that I would like to go back home feeling that the word got out to all echelons from the Federal Government that prime sponsors should be doing these things, and will be encouraged in doing these things, and that the evaluation of their effectiveness is not going to be diminished if they do.

Mr. ORIOL. I would like to ask Ms. Lacayo a question. I understand that under the senior community service program, your association has funds for a senior aid worker. I wonder if you have any special plans to deal with employment problems of older Spanish-speaking workers, and whether the part-time situation enters into these plans.

Ms. LACAYO. Before answering that question, Bill, I would like to comment on the larger implications of the issues raised in this hearing—retirement, work, and lifelong learning. What we are discussing today, is what this country urgently needs if we hope to adequately accommodate the demographic realities characterized as the "graying of America." Retirement, work, and lifelong learning are the components of a national aging policy. While the thoughts expressed by my colleagues around this table are valid, well-considered ideas about these important issues, the lack of a national aging policy framework severely undercuts the potence of these ideas by hindering our institutions from creatively participating in shaping roles and attitudes to accommodate the changes envisioned by the ideas expressed today.

Speaking as a Latina, the absence of a national aging policy further complicates and frustrates my community's ability to address the problems facing our elderly. It is difficult enough to try to plan or attract services from the Anglo bureaucracy when there is inadequate information about the Hispanic elderly community. Those tasks are further complicated by the various inconsistencies more or less resulting from the absence of a national aging policy. The Hispanic community of this country will shortly be the largest minority community in the United States. It's frustrating not to be able to project and plan for the human problems that are coming with this demographic reality.

If I may, Bill, I would like to respond to your original question about our title IX program. As you know, the vast majority of Hispanic workers in this country are unskilled. Hence, attracting and recruiting Hispanic older persons for title IX positions is difficult because of the lack of community service-type job skills. Nevertheless, the association, in conjunction with various other groups around the country, is working to develop training procedures, skills, and working environments that are sensitive to the problems of Hispanic older persons. Since the association's title IX program is barely off the ground, it will be several months, at the least, before there is adequate empirical information to share with you about our successes or failures in addressing the employment problems of Hispanic older persons.

Mr. ORIOL. May I interrupt on that point?

Ms. LACAYO. Sure.

Mr. ORIOL. So often during the 1971 White House Conference on Aging, we heard the statement, "We have no statistics," or "We don't know."

Ms. LACAYO. Right.

Mr. ORIOL. Here it is 1978, with the White House Conference probably coming up in 1981. Even on a crash basis, it is not possible to gather needed data on Hispanics through the Bureau of the Census at this late date. Is it possible to have rather informed estimates of the kind of information we are looking for? What will it take to get it in time for it to be useful at the White House Conference?

Ms. LACAYO. Bill, there are some activities going on right now that, hopefully, will more adequately prepare us for the White House Conference in 1981. As you may recall, AOA awarded the association a

2-year research grant to do a national needs assessment of the Hispanic elderly. In addition, there is a topflight Hispanic advisory committee helping the Bureau of Census prepare for the 1980 census. While I am proud and optimistic about the research being done by the association and hopeful for more reliable data from the 1980 census, only a sincere commitment from our national policymakers to understand my community can provide the awareness essential to adequately address the aging concerns of the Hispanic elderly.

Built-In Bias for Bureaucrats

I agree with Ms. Seltzer's point. For too long now, human services programs, including aging programs, have been developed with a built-in bias toward the concerns of bureaucrats; the people intended to be helped are simply required to fit into the program. This bias for administrative ease has become an end in itself and, therefore, has had the cruel effect of "deindividualizing" the problems of real people seeking help. As social services leaders, we must not only acknowledge the uniqueness of the individual, we must insure that those unique qualities of individuals are recognized by "the system," and that solutions to human problems are commensurate with the individual need.

Mr. Oriol. I would like to turn to Anne Blakeley now. The National Indian Council on Aging has submitted a statement prepared for another conference, but which happens to fit this particular hearing beautifully, about retirement and the elderly Indians. It, too, describes the elderly, today's middle-aged group, as the retirees of the future, and suggests some of the adjustments that have to be made. Specifically, I just would like to ask you if you have the same sort of difficulty in getting essential information, and certainly information that will be needed for the White House Conference.

STATEMENT OF ANNE E. BLAKELEY, LIAISON ASSISTANT, NATIONAL INDIAN COUNCIL ON AGING [1]

Ms. Blakeley. Yes, very definitely. The Indians have always been undercounted in the census, and therefore lack accurate data. There are problems on the reservations, but that data is not available, so those problems are difficult to assess. As a result, we hope to have some more data.

Mr. Oriol. I was impressed as I looked through the material of the participants in this roundtable. We have a good number of persons whose background or present role is in the educational community, and I would like to throw out a question. Now perhaps any of you might care to explain the difficulties that the bill had from university presidents who wanted an exemption and the relationships to the tenure system. Maybe you can help us understand that one better. While you are mulling that one over, there is one of the papers prepared for the lifelong learning project of the U.S. Office of Education that referred to that old proverb: "If you give a hungry man a fish, he'll eat for 1 day. If you give him a fishing rod, he'll eat for the rest of his life." It then calls upon education to help older persons faced with problems

[1] See appendix 1, item 5, page 348, and item 6, page 351 for supplemental material submitted by the National Indian Council on Aging.

in health care, income, and even crime, that they probably did not have in earlier years. It says further: "Money for direct services alone will never be sufficient to meet basic needs as long as the elderly themselves are not trained for their own needs."

Now Professor Seltzer's paper makes a very similar comment. She also agrees with the person who says: "We always talk about growing older. We put the emphasis on the 'older' and not on the 'growing.'" There is a similar comment in your statement, too.

Dr. SELTZER. I was thinking while you were talking, university presidents often don't know the difference between old and new—young—wine, and that most of them prefer the young. They go with the idea that most new ideas come from the young. I don't go along with that.

Senator CHURCH [resuming chair]. Does anyone care to speak for the young?

Dr. SELTZER. I am not saying categorically that I am opposed to the young. As I listen to all of us presenting our points of view, it seems to me we are talking about older people as though they belonged to monolithic categories. We are saying that such categories are not true. There are unique problems to the old black. There are unique ones for old retired people, and old Spanish-speaking people. Problems unique to old women. The programs we develop often speak to all old people, but don't take into consideration the needs of specific older people. Maybe what our policies ought to be emphasizing is the provision of a number of options rather than providing the single solution.

Ms. LACAYO. In line with that point, I think that for too long we have planned human service programs and expected people to fit into those programs. If we look at the Netherlands, at England, or at any other socially developed country, we see much planning behind their aging policies. Here, not only our aging programs, but all our social service programs are created in a such way that the older person has to be convinced to comply with them.

Dr. SELTZER. There is that marvelous little story about social workers spending 35 hours contacting 41 agencies in order to get help for one client.

Mr. ORIOL. Where does that appear?

Dr. SELTZER. Somewhere in an income security bulletin. I just saw it. I will send it to you.

Mr. ORIOL. Concerning what you just said, Carmela, who used the term "paternalism" in reference to older people. It seems like a contradiction of terms.

Dr. FORMAN. That is what it adds up to, the assumption that somebody has to be taken care of. The popular assumption seems to be that people have to be taken care of, are dependent, and especially the assumptions that all older people grow more dependent as they grow older and, therefore, someone has to take care of them. Now, why that process has to be taken for granted I don't know, but there seems to be a built-in bias in our society which does not always work to the advantage of the older person. It is my personal objection and the objection of the Gray Panthers. The Older Americans Act does just that, too.

Mr. ORIOL. Does what?

Dr. FORMAN. It segregates all the older people into one category, assuming they cannot help themselves. If they eliminated mandatory retirement and gave us options to continue working, why not? You would relieve the burden on the rest of society that way.

Mr. ORIOL. Mr. Hacking has been waiting. Jim.

Mr. HACKING. There is an insensitivity to, if not an actual bias against, older workers on the part of Government. The combination of bias and insensitivity in Government probably explains why the CETA program has not helped the older worker that much. In fact, only 1 percent of the CETA participants are 65 or older. The elderly are getting far less than their fair share of CETA jobs. We think we know why. CETA project directors performances are evaluated on the basis of the number of people he places in unsubsidized employment. Since the probabilities for unsubsidized placement are viewed as greater in the case of younger workers, given the antiolder worker bias of employers, older workers are screened out of the CETA program at the outset.

EDUCATING THE EMPLOYER

We think that there is a tremendous need to educate both the Government and private employers as to the value of the older worker. In an attempt to move in this direction, we have done an evaluation of the title IX senior community services employment program by surveying a group of 400 older workers newly enrolled in the program and their employers. We found that these enrollees were in subsidized employment for an average of about 47 weeks before permanent, unsubsidized employment was offered. However, once in they held these jobs for an average of 47 months. In the process, these workers returned to the Government more in tax revenue than it cost the Government to subsidize their initial employment in the first place.

Our study clearly demonstrates the value of older workers, as far as we see it, but that has to be made public knowledge.

Mr. ORIOL. Dave Affeldt, our chief counsel, has a question which I think is related to that.

Mr. AFFELDT. Senator Church is very much interested in this because he is, as you know, a very strong supporter of the senior community service employment program and worked with Senator Kennedy for its enactment in 1973. We were very much impressed by one statement that was included within his written testimony and, if I may, I would just like to quote from it for the hearing record:

> If the 1,700 ex-enrollees placed in permanent jobs by our NRTA or AARP senior community service employment program during the June 1974–June 1976 contract had only earned the average minimum wage prevailing over that period—and we know they earned more—the net gain in economic output would have totaled approximately $18.5 million dollars.

I think the question Senator Church would like to raise at this point is: How do you account for the striking success of the senior community services employment program in terms of the impact upon enrollees as well as the communities being served?

Mr. HACKING. Well, at least as far as we are concerned, we have centralized direction of our own project. We don't use subcontractors and we do make a very concerted effort to get permanent placement for our enrollees. When the community services employment program began, there was a tendency to view it as a supplemental income program, but now it has come to be viewed, at least by us, as a manpower program that really helps the people it was intended to help and generates more in terms of tax revenues and economic output than it costs. What more can you ask? We believe it ought to be expanded vastly, but we don't

see the administration recommending sufficient resources to allow the kind of expansion we have in mind. The administration wants to keep it as a very small categorical program. We are only reaching 50,000 people with that program, and that is very small number compared to the estimated 5 million unemployed who could qualify under the age and income guidelines.

Just to add another point to this, it is very interesting that in developing a major overhaul of our welfare structure in this country, the administration designed a program that placed all older persons automatically into the category of "those not expected to work." Therefore, none of the public service jobs that were to be available under the program were allocated to them. That should point up once again the antiolder worker bias we see.

Mr. DANSTEDT. May I just add something?

Senator CHURCH. Yes.

Mr. DANSTEDT. As I am sitting here thinking about the process we had to go through with the handicapped, we went through the whole business of rehabilitation of the handicapped person. Instead of being a money consumer he is now a money contributor. I think something happened in that area with the handicapped, not only with the way they organized, and they are really well organized, but also in the fact that the industry in particular, if they had contracts with the Government, they had to make sure they employed a certain number of handicapped people. Until we can move in that kind of direction, anything else we do is demonstration. I think we are up against a difficult public attitude toward the elderly. Old Joe, he does not need a job at this time and Mary does not need a job—they have a pension.

This is a personal reflection. Periodically, as I drive, with some care, I might add, some car with a young driver starts around me and looks over my way. I know what he is saying. "What the hell is that old gray-haired guy sitting in the traffic for?" I don't know if anybody has any clear answer to the attitude of the youth toward the elderly.

It still comes out in the media. Last night I looked at this program where the professor goes to Washington—it is not that much of a show—on channel 4. While he is depicted as an active, energetic, intelligent elderly person, he goes to a nursing home and the residents there were made to look silly in terms of their comments and observations. So still there is a powerful attitude. The elderly are different and why should we have to fuss around with them so much.

Senator CHURCH. Mr. Merin.

OLDER WORKERS MORE PRODUCTIVE

Mr. MERIN. There is great irony to this discussion. A recent university study established that older workers were qualitatively and quantitatively more productive than their younger counterparts. We talk about gross national product and we talk about a diminishing work force, and here you have an enormous natural resource whose varied abilities go ignored. Here are people who can work, who can produce. I agree with you, Rudy, it is a sad, and tragic thing.

Mr. DANSTEDT. Unless the Government decides that a certain amount of elderly persons have to be hired, nothing is going to happen.

Mr. KASKOWITZ. This country is wonderful. We can package and sell you things you never thought of. We can sell you things you don't even need. We can create things that you don't need and sell it to you and make you want more. We can sell the older worker very easily. All we have to do is do it. It is no secret that the Chinese didn't have any brainwashing secrets. Madison Avenue knows how to package and sell things.

Senator CHURCH. They are selling the wrong things.

Mr. KASKOWITZ. Often they do, but in terms of our being a capitalistic society, if we recognize that there is a market out there and that there are older people who have the capacity to both work and consume, we have to address ourselves to the existing systems there and call that to their attention and see if we cannot get them involved. Our office is getting something from marketing and advertising companies in New York, and we are just starting to hear there is a significant population out there and they have money to spend, and they are beginning to look at that market. But similarly, we could take a look at that population as a work population, and we could sell it.

Ms. DAVIS. You asked the question, why is the title IX program so successful? As you know, the national center has been more successful in securing a title IX grant in Southern States and we have been examining some of the other national aging organizations. This is an important program because it is people to people, but there are other underlying psychological reasons that people get great rewards from working. The reward, I think, particularly for low-income people, is to feel that they can give service, they go home and they feel good because they have helped someone, and I think this is a particularly beneficial program for the elderly to help other elderly because of the health-related programs that we have in our country where elderly people just need a kind word and where elderly people need and want to work in public schools, where they want to work in churches. I think we have to recycle in creating new innovative jobs, so there could be a generalization support built into that. When they think of young people using the energy of young people and help middle-aged people and young people and young, young people and middle age helping old, old people in community service—you would not in human services, because we are not going to have enough social workers, enough professionals, to take care of all the human needs of the aging population. We just are not going to have it, and that is why that program is successful. It needs to be expanded so we can have it operational.

Senator CHURCH. Have you ever considered that some professions—perhaps because of the nature of the profession—naturally turned to the older members and kept them engaged? For example, I think of Federal judges. A judge may became a senior judge, and many do because the workload becomes too great in terms of their physical ability. But they are then available as senior judges and are called upon to preside in given cases, or to help out when a particular court has an overload. They will travel for this purpose and work on a part-time basis. This is highly desirable and they are very much in demand. Nearly every senior judge I know does it.

For what reason? You know the judge gets his his salary anyway in retirement. He does not get an extra cent for going out and working, but he wants, or she wants, as the case may be, to continue to practice. I think this is a case in point where the attitude just naturally keeps the older people engaged at least in part-time work.

Ms. DAVIS. Senator, not only the professions but also for sex. Take elderly females and middle-aged females. They have resources, and for the resources they have energy that has not been utilized appropriately. With the increasing numbers of women in the population, I think this committee should look at it and should encourage HEW, the Office of Education, and the Department of Labor to utilize the skills of these women, and not only that, but in designing educational programs that will help people to be better consumers.

I don't know if you saw an article recently in the Washington Post that told of an older woman trying to make her way through the bureaucratic maze, of trying to just collect what was her due. People are not able—older people and particularly those of lower educational levels—are not able to fill out forms. This is an area where older people could be trained to assist those older people who are not able, and to help them get through the bureaucratic system again that we have created. It is a monster that we have created.

Mr. ATKINS. It goes deeper than that, Dolores. I would quarrel with Ed, too, that what we need is one more advertising campaign to sell the older worker or to sell anything else. We need some really fundamental systems change. I think it goes back to our educational system, about which I would be critical, and I think I am entitled. I spent 18 years in the field of higher education before the last 11 in government, and I will tell you this: You can set up Federal, State, or local government moneys in services for individuals and services for groups. The most difficult job is still that of systems change. You must deal with the people in transportation, deal with the people in housing, deal with the people in health. It is not only that the universities have not trained our doctors to know that there are older people; they have not trained anybody. They have just not done a good job with these courses. Half of the courses in human development end with the psychology of adolescence. Only if someone comes along and gives them a special grant do more and more of them get into the field of gerontology. I know full well that for many years the adult programs were exploited for reasons that would help subsidize many of the day school programs.

HIGHER EDUCATION FOR ELDERLY

I see now a turn of higher education to the elderly and I have hope that it is not going to exploit them in any way by looking for dollars, but is going to serve them, and that it also deals across the board with the people who are training to go into every field and profession.

Dr. SELTZER. Let me respond. I think to some extent, you are right. Normally, our courses about child development end when they graduate from college, get married, and live happily ever after. I would agree with you that there are schools developing gerontology programs in response to available money. Many of the programs will die when the funding stops, and in many instances those programs are merely perpetuating the myths and stereotypes that already exist.

I would also point out to you that there have been other organizations and schools which are doing a superb job, which are doing research that is not externally funded, that are giving programs which are not funded. These are "turning out" people who are working with older people, frequently in the human services area for far less income than they would get if they had other jobs.

I think there are some questions about whether formal education in an educational institution is the best place for providing lifetime learning. Perhaps we ought to be looking at other ways of teaching older people, drawing on some of the research data that Ed was talking about, psychological data. Maybe what we ought to be doing is what I referred before, design programs that provide options for people rather than assuming that we must do more for all older people in a paternalistic and maternalistic fashion.

We come back to the fact that old people are not all the same. Every year, the committee's annual report, "Developments in Aging," notes that 5,000 people become 65 daily, 3,600 die, and that there is a net increase of 1,400 daily. It is a hetergeneous population but we act as though we don't believe it.

Senator CHURCH. I would like to pop in here for a moment and concur with your observation that we cannot think too much about what we should do for older people in the way of new programs, new projects, new Government direction, education assistance, and so forth.

I am not suggesting that in legitimate cases this is necessary. Of course, in many cases it is. We tend to overlook the much greater opportunity, and that is to remove the barriers that would enable older people to do their own thing.

I don't want to keep interjecting personal cases, but I remember when I was a young man in college, I was afflicted with cancer and was very sick. I was fortunate to have some very fine specialists. But when they reached a point where they were unable to diagnose the tumor or to agree upon the method of treatment, or even to agree whether or not the tumor had returned, they called in a very old man who was a professor emeritus, and they asked him for his judgment. They followed his advice and I am still alive.

Now you know that old professor didn't need a retraining program or a recycling program. It was not anything that those younger men could teach him. I think we ought to consider how we keep people with all this ability and seasonal experience productively engaged.

That really brings us around to the private sector. Before I get to that, I would like to say that we have two members of the minority staff here, Dave Rust and Jeff Lewis, who are most welcome to come up to the table and participate with the questions, if you care to do so, along with the majority staff.

Then I am told before we go back to suggestions, one of our consultants would like to make a comment.

STATEMENT OF HERMAN BROTMAN, CONSULTANT, SENATE SPECIAL COMMITTEE ON AGING

Mr. BROTMAN. I am in agreement with a lot of the things that have been said here. I would like to add something, and it has been touched on by the Senator, and that is the basic economy that underlies everything we are doing. If you look back at our history during the First

World War and Second World War, you find the economy was expanding at a tremendous rate. We had a labor shortage and all of a sudden minority and older workers were very popular, sought after, found employment and their production and their activity was recognized and was very welcome, but it was an artificial period of increased production and expansion. Then right after those periods were over and the economy contracted, part of the program disappeared and we went back to the "normal" situation.

Now, without being too much of an economic determinist, I think we have to look at the situation of our economy, the situation of our industrial revolution. I see it moving in the direction of maximizing profits by automation, rationalization of production, and so on, and cutting back on human employment. The natural result is what the Senator just said, that when you have to make choices in filling a limited number of jobs, you are creating competition, and the competition is between the minority groups, women, and older people and the teenagers. The same economy which is interested in mass production and mass sales says that the young people are the ones who are building families and buying houses and they are the future market, so they should get the priority on what jobs do exist.

Now all the supplemental public programs that we have are supplemental, they are not in the mainstream of economic activity. So I would suggest that in addition to all the things that have been said here to take care of special needs and to determine services on the basis of the needs of the individual we also have to think about how we are going to turn around the economy and how we are going to build incentives into increased production and increased creation of job opportunities in all sectors. I think that when we get into something approaching a labor shortage, the discrimination based on competition will begin to disappear and then we can talk about real options for people and the burden of heavy inflation. Our present talking about options is not very realistic because all we are doing is saying we have a tiny little pie and how do we divide it up, perhaps, a little more equitably? How do we all get together, within the special needs that we are attacking, and see how we can manufacture a much larger pie, which is of benefit to the whole country, as well as every part of the country separately?

I think that might be a major contribution. That is why, in planning these conferences, we wanted at these hearings to get all of these special interest people together, because to the extent that they can agree on some common goals, in addition to their special programs, I think we will make progress for everybody.

Senator CHURCH. Thank you.

Dr. Forman.

Dr. FORMAN. I have no intention of contradicting Mr. Brotman. I agree wholeheartedly. We have to face the overall problem. Everything else fits into that same context. We have to think of things in a much broader sense than we usually do. I want to bring in here what seems to me to be an inextricable contradiction that exists at the present time between our capitalistic concept of an ever-expanding economy and our apparent inability to provide enough jobs for everybody—in which event, presumably, production would take care of everybody.

I don't know the answer. I don't pretend to be a demographer, or an economist, or a gerontologist. I am only a retired art professor. To me, it appears that we are underutilizing some of the expertise we have in the association of psychologists and others who have some of the answers, but not all of them. I wonder why we have not been using this expertise—in addition to all this—perhaps coordination of some of the many think tanks that exist in the Washington area might be helpful.

I know my wife just finished typing up a report that is a proposal being sent to the Department of Energy. The experts seem to be able to attack all aspects of the different problems. Now why can't we do the same thing to make use of our supposed knowledge and expertise in the area of motivational research, as they call it, or behavioral modification, to get the American public to recognize the value of elder people and all of their expertise that is presently being wasted? One of the most necessary and invaluable human resources just goes down the drain.

Now I recognize that we are confronted by a deep-seated mythology that pervades the entire American way of life—and the thinking—not just of Americans, but also around the world—the prejudice against the old, the stereotypes and all that. If we have ways of building up stereotypes, we also have ways of breaking down those stereotypes. Perhaps some kind of combination of those things to provide that kind of professional expertise from people who know how to go about it would be in order—to use that kind of thing effectively. I know that such contracting is going on all the time.

There are problems. Why not do the same thing with the Department of Aging and let some of these experts utilize the vast information that we already have. I gather from what has been said here that most people have problems getting the information needed to support decisions as to whether those programs are adequate or not. I know that this particular organization I have referred to has access to all the information needed in its own field.

Senator CHURCH. There are certainly a lot of think tanks around. I know that a great many are engaged, and have been for 20 years, on the subject of how to blow up the Soviet Union without blowing up ourselves at the same time, and thus far have not succeeded in finding an answer to that question.

Mr. BRICKFIELD. I hope it does not become a demonstration project.

PRODUCTIVITY'S CATCH 22

Mr. AHRENS. We have got a kind of catch 22 here I think, Herman. You are saying that until we have all this productivity and a larger pie we cannot do all these things for older people. But then we don't have this productivity if we keep making people like Dr. Forman unproductive.

Mr. HACKING. The economic pie is not going to increase at the rate we need with the inflation spiral the way it is. As long as inflation spins along at 5 to 10 percent a year, we are not going to get the "real" expansion in the economy that we want, that we would like to have. Therefore, we are not going to have the resources that we need to accommodate the future elderly's income needs if we continue to push them out of the work force.

Mr. RAVIN. I know it is easier to share a large pie than a small pie; I think we all agree on that. We are not solving the problem of inflation here, so I am going to address myself to a "fair shake" for older workers in employment. This pie in the next couple years is not going to be much larger. What I am concerned about is the fact—and Herman Brotman and I have worked together side by side for years—so we know how pervasiveness of stereotypes about the aged or even middle aged—the consequence of which is we are not getting a fair shake. I am talking about we. When Herman and I first started working, we talked about "they."

Let me give you an example. A great step forward is lifting the ADEA age to 70. When the original bill was proposed—and I worked on it, I drafted it—the chief sponsor at that time was Senator Javits. There was no age limit at all in that bill. We got opposition from large firms, Bell Telephone, and so on. They got us to compromise on it so that the Department of Commerce and the Bureau of Budget would go along. We accepted it. Eleven years later, we have gotten part way back to where we started. I think this is a demonstration of not only how strong the stereotype is, and this despite the tremendous vote not only in Congress, but of people outside, close to 75 percent who approved the lifting of the maximum age. So we still have a stereotype effect.

Now we have built a mechanism into Government operations—we have the Commissioner of the Administration on Aging, whose chief function is supposed to be fighting for the older person's privilege or right, et cetera. What is the position not only of the Administration on Aging, but in all the States there are State commissions on aging, and area agencies, of which there are 600. What are they fighting for in terms of employment? Not in terms of the share of the billions of dollars that have gone to CETA, much of which has been misspent. If we had given to older persons only the money that has been misused in CETA—I know that is from way back—we would have much more money for title I and other older worker programs than they have. What is the program, however, of the people who are supposed to be advocates—the State and local area agencies on aging—not to get a greater share of CETA funds? That would be a minimum of 15 percent rather than 6 percent of billions of dollars compared to that small portion that we do have, which is less than 47,000 jobs, it is not even yet half of the billion dollars that we are talking about for future years, and we are talking about the billions now in CETA.

What I am saying is we have certain machinery now in the Government, but we are not going to have a great deal more money to spend, and we have to see to it through that machinery, that that money is spent effectively.

Senator CHURCH. Yes, Ms. Lacayo.

Ms. LACAYO. At the risk of sounding revolutionary, I think there is a serious national question that deserve wide ranging, reasoned debate. It is seldom raised by our national politicians, perhaps because there is little discussion of it by the population in general. Nevertheless, the issue profoundly affects the very scope of the resources and solutions available to our people to adequately address the problems discussed today and the problems of tomorrow.

I believe that this country has got to address and adjust a mentality that continually emphasizes maximum profits over the legitimate claims of people in pain. No one denies that we are the richest nation in the history of the world. Yet, the resources aren't available to provide more than 47,500 jobs for the millions of elderly men and women who desperately need work. Why? Why is it that only the Government has responsibility for helping people make their own way? Why is it that only a fraction of this Nation's vast resources are available to addressing human problems that affect all of us one way or the other? Why is it that although we share the same life process, the quest for maximum profits is allowed to pit young against old, men against women, black against white and black against brown. I, for one, look forward to the day when we, at the least, recognize that what we share as humans, is as important as the superficialities that we allow to divide us in the name of maximum profits.

EXPERIMENTS IN PRIVATE SECTOR?

Senator CHURCH. That might bridge us into the last question that I wanted to raise with the panel—and that is some discussion of what the private sector is doing in changing its own work patterns in order to better accommodate the needs of the aged. To what extent, for example, are any of you aware of any private companies introducing part-time work, the so-called flexitime concept, and so on, in order that older employees might have the advantage of continued employment on a basis that they could accommodate in their own lives? We have talked mainly about government. Yet, by far the larger part of our economy is still to be found in the private sector, and by far the larger number of jobs are still to be found in the private sector.

So I was just wondering if anybody is aware of what experiments are occurring in the private sector.

Ms. LACAYO. I think one of the questions—it is like answering a question with a question—would be what is the perspective of the labor movement, especially as it relates to the older national corporations which are obviously—let's take the auto industry which is obviously focusing on some of the biggest corporations of this country and the values towards older persons, towards retirement in terms of the younger person coming in.

I would raise that as a point of reference because I think private industry—and I am just focusing on the auto industry—the problems the United Auto Workers, for example, were facing recently regarding mandatory retirement, and so on; it is a serious labor problem that we have to look at.

Mr. AHRENS. Senator, the National Council on the Aging has had a significant program that for years has been labeled industrial gerontology, which I guess no one has ever understood, so I think it is now called age, work, and retirement, something similar to the title of these hearings. Some of the new board members who have joined the national council, such as Gerald McGuire of Bankers Life & Casualty, represent firms which do not have a mandatory retirement policy. Then there is the Xerox Corp., which has had a policy of yearlong sabbaticals for certain selected employees to be paid full salary

and go out and try their wings at something they might want to do, perhaps become a social worker for a year.

I know that the Continental Bank in Chicago has developed a big program of part-time jobs for older people. They may be following the example of the United Bank of Illinois. I am not even sure where that one is located, but they are mentioned in the report I have filed for the national council. They have been using older people part time. They have to get out the accounts statements and they fall on different days of the month for different letters of the alphabet so it has been able to work out. In the written report that we filed for NCOA, there are a number of examples. Minnesota Abstract and Title Co. is one of them.

We ought to note that there are significant changes in education also. The old residency rules are changing. An Army man or a pilot would get no degree with 300 hours of credit for courses. He took courses in Los Angeles and Chicago and nowhere did they give him a degree because he didn't do the magic figure of 20 or 30 hours at one place, as required for residency.

Now you can get credit for life experience. So you are beginning to see what I think is some significant change both in the world of education and in that of private industry. We can only hope that somehow we can work together to make the examples better known and to get more to follow them.

Mr. BRICKFIELD. Following up on what Bob said, Senator, I happen to know that Continental Bank has 8,000 job slots and they allocate about 10 percent to former employees who are retired but who want to come back and work part-time. There is another organization out on the west coast that guarantees their retired employees up to 60 hours every quarter of part-time work. This is some evidence that progress is being made.

I think, too, that there should be some tax incentives given to employers to foster the creation of part-time employment opportunities for older persons who want to acquire new job skills and work.

Senator CHURCH. Well, I think we have reached the hour of 12 o'clock.

Mr. DANSTEDT. Could I just pose one question?

Senator CHURCH. Yes.

Mr. DANSTEDT. Just to put it on the record. It is kind of slicing the pie somewhat differently.

THE "OLD" ELDERLY

One of our serious concerns now is the question of the elderly-elderly who are a growing proportion of the elderly people. Against a limited set of resources, and this is suggested in part by the testimony of Secretary Califano and Hal Sheppard, we have to weigh our priorities and ask whether we want to use our resources to help the elderly-elderly or whether we want to use them as now for early retirement at age 50 and even below that age. I know it is a ticklish subject but nevertheless it is a fair question to ask.

Senator CHURCH. Yes, it is a fair question to raise, and moreover it is a question to which we must find an answer. I know that right now in the Federal pension system that every projection I have seen shows that it is greatly underfunded. And then, of course, we have the ques-

tion of those who have served with the military, for example, and have full pensions after 20 years, who then come on the Federal payroll again, the so-called double-dipper problem. Our pension system has been put together in a helter-skelter way and all of it has to be carefully reviewed or we will be in very serious trouble in the years ahead.

I want to thank you all.

Mr. DANSTEDT. Thank you, Senator.

Senator CHURCH. Thank you for your very fine contribution this morning.

I don't know whether this is the last meeting over which I will preside for this committee as the chairman, but I do want you to know that I appreciate immensely the many contributions you have made to the work of the committee, all of you, and many, many others who are not present here today. I don't know of any work that I have done in the Senate that has been more satisfying to me than work that I have done in this capacity. I think that the committee, through the years, has not only tried to understand what the problems are that face older America but has tried to do something about it. On the whole, I am very proud of the committee's record, and that would not have been possible but for the kind of help that you have all given us. So I want to thank you. [Applause.]

[Whereupon, at 12:05 p.m. the hearing adjourned.]

APPENDIXES

Appendix 1

MATERIAL RELATED TO HEARING

ITEM 1. HISTORY OF GENERAL REVENUE FINANCING FOR A PORTION OF THE COST OF THE SOCIAL SECURITY SYSTEM; SUBMITTED BY NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS [1]

Efforts to finance some of social security out of general revenues have been made from the program's inception. In fact, the Committee on Economic Security whose recommendations formed the basis of the original Social Security Act, called for a contribution from general revenues that would begin around 1965. However, President Roosevelt, who believed the program should be self-supporting, rejected this committee proposal.

The rationale leading to the committee's belief in general revenue financing was outlined by J. Douglas Brown, a member of the Committee on Economic Security and a member of four succeeding advisory councils. In his book (J. Douglas Brown, "An American Philosophy of Social Security," Princeton University Press, 1972.), Brown states:

"In social insurance, we were convinced that a full reserve was not only unnecessary but an impossible incubus on the national economy. Not only would the accumulation of the reserve be deflationary and a temptation to unwise use, but, in 1934, there was no prospect that there would be enough Federal securities in which to invest it. In place of a large reserve, we were convinced, an eventual government contribution to the system would be necessary. . . . The provision for an eventual government subsidy to the system seemed to us to be the only possible way of paying reasonable benefits in the early years, and at the same time, of avoiding a huge invested reserve." *Id* at pp. 17–18.

The other side of this argument was taken by Secretary of the Treasury Morgenthau, who wanted to build a reserve in order to avoid any future government involvement in financing the social security system. However, proponents of general revenue financing added to their economic reasoning, which opposed a large reserve, by looking at the beneficiaries of the social security system. This argument was stated as follows:

"Millions of aged workers who would otherwise require needs-tested old age pensions entirely financed by the State and Federal governments, would be receiving benefits, instead from a contributory social insurance system. It seemed entirely reasonable to ask the government to reimburse the system the amount it would save through reduced old age assistance payments." Brown at pp. 98–99.

As stated earlier, these arguments in favor of general revenue financing were rejected by President Roosevelt. However, they reappeared soon afterward in the report of the Advisory Council on Social Security in 1938. The council first stated:

"Governmental participation in financing of a social insurance program has long been accepted as sound public policy in other countries. Definite limits exist in the proper use of payroll taxes. An analysis of the incidence of such taxes leads to the conviction that they should be supplemented by the general tax program."

The advisory council listed the following four arguments in favor of amending the social security legislation to include provisions for some financing through general revenues:

[1] See statement, page 236.

1. Since the Nation as a whole, independent of the beneficiaries of the system, will derive a benefit from the old-age security program, it is appropriate that there be Federal financial participation in the old-age insurance system by means of revenue derived from sources other than payroll taxes.

II. The principle of distributing the eventual cost of the old-age insurance system by means of approximately equal contributions by employers, employees and the government is sound and should be definitely set forth in the law when tax provisions are amended.

III. The introduction of a definite program of Federal financial participation in the system will affect the consideration of the future rates of taxes on employers and employees and their relation to future benefit payments.

IV. The financial program of the system should embody provision for a reasonable contingency fund to insure the ready payment of benefits at all times and to avoid abrupt changes in tax and contribution rates.

Even Roosevelt administration officials showed some movement toward support of an introduction of general revenues into the social security system. Testifying before the House Ways and Means Committee in 1939, Treasury Secretary Morgenthau noted that 80 percent of the United States' population would eventually qualify for social security benefits. Given this knowledge, Morgenthau said:

"This experience throws new light on our original belief that the act ought to be self-supporting. Four years of experience have shown that the benefits of the act will be so widely diffused that supplemental funds from general tax revenues may be substituted—without substantial inequity—for a considerable proportion of the expected interest earnings from the large reserve contemplated by present law. Therefore, it becomes apparent that the argument for a large reserve does not have the validity which 4 years ago it seemed to possess."

During the 1940's, general revenues were authorized for use by the social security system under certain circumstances. The circumstances that would trigger the use of general revenues never arose. The authorization was a result of Congress' postponement of scheduled increases in social security taxes in the years between 1942 and 1950. The main proponent of the freeze was Senator Vandenberg, who believed that sufficient funds were entering the system under existing tax rates. Opponents of the Vandenberg amendment were concerned with the long-term actuarial stability of the social security system. One such opponent was Senator Murray, who in 1944, introduced an amendment authorizing an appropriation from general revenue of "such additional sums as may be required to finance the benefits and payments under this title."

The Murray provision was enacted, but the condition of the social security trust funds never required the use of general revenues. Throughout the life of the provision, supporters spoke of the government's interest in the social security system. In 1946, the House repealed the general revenue authorization. However, the Senate reinserted it, with the Finance Committee saying, "To repeal this provision, as proposed by the House of Representatives, while continuing to freeze the tax, might be taken to imply an unwillingness of Congress to underwrite the solvency of the system."

The Advisory Council on Social Security of 1948 was the last in which the use of general revenues was strongly advocated. The council stated:

"The Federal Government should participate in financing the old-age and survivors insurance system. A government contribution would be a recognition of the interest of the Nation as a whole in the welfare of the aged and of widows and children. Such a contribution is particularly appropriate in view of the relief to the general taxpayer which results from the substitution of social insurance for part of public assistance."

The appropriation from general revenue provision was repealed by Public Law 81–734 in 1950. After this action, congressional committees made many references to the social security system's self-supporting structure. Some limited use of general revenues was authorized by the 1965 Social Security Amendments, which "extended hospital insurance (medicare, part A) to everyone who attained age 65 before 1968, without regard to whether they could qualify for monthly social security benefits." Also general revenue funded the Prouty amendment to the Tax Adjustment Act of 1966, providing benefits "to people who were 72 before 1968 and who would not otherwise be eligible for monthly social security benefits."

ITEM 2. MANDATING COVERAGE UNDER SOCIAL SECURITY FOR EMPLOYEE GROUPS NOT PRESENTLY COVERED; SUBMITTED BY NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS [1]

THE CONSTITUTIONAL ISSUES

There has always been some question as to the constitutionality of possible congressional action which would extend compulsory social security coverage to State and local government employees. The question of constitutionality in this instance divides into two separate but related issues: (1) Is there an intergovernmental immunity which would prevent Congress from interfering with affairs of State and local governments in this manner? and (2) Does Congress have express or implied power to enact legislation which provides retirement assistance and relief for State and local government employees.

The law concerning the first issue is well settled. In an early leading case, the Supreme Court painted a picture of intergovernmental immunity with broad strokes in its decision that the salaries of State officials were immune from Federal taxation. *Collector* v. *Day*, 11 Wall. (78 U.S.) 113 (1871). The court's rationale did not rest upon specific provisions of the Constitution, but was based on the principle of federalism thought to be implicit in the Constitution. The principle of intergovernmental immunity from taxation reached its zenith in 1937. In *New York ex rel. Rogers* v. *Graves*, 299 U.S. 401 (1937) (salary of general counsel of Panama Railroad Co. immune from New York income tax) and *Brush* v. *Commissioner*, 300 U.S. 52 (1937) (salary of chief engineer of municipal water system immune from Federal income tax) the court recognized the existence of intergovernmental tax immunity but intimated that a reevaluation was forthcoming. See Powell, "The Waning of Intergovernmental Tax Immunities," 48 Harv. L. Rev. 633 (1945).

In 1938, the Court decided several cases which severely limited the scope of intergovernmental tax immunity. In *Helvering* v. *Gerhart*, 304 U.S. 405 (1938), the court held that the salaries of New York Port Authority employees were not immune to Federal income taxation. This decision was based on findings that the Port Authority was not engaged in an essential government function and that the burden imposed by the tax on the State was conjectural. Immunity would follow only where the burden imposed was "actual and substantial, not conjectural. . . ." *Helvering* v. *Gerhart*, supra at 421. Since the purpose of tax immunity is to protect the continued existence of the State, it was thought unnecessary to afford the State a competitive advantage over private persons to achieve this end. Finally, in *Graves* v. *New York ex rel. O'Keefe*, 302 U.S. 466 (1939), the court held that the salaries of employees of the Federal Home Owners Loan Corporation were not immune from New York State income taxation. In so deciding, the court declined to follow previous cases which had found immunity where the employer was engaged in a governmental function. Hence, the burden which the tax placed on the government as an employer became the principal determinant of immunity and this burden was thought to be too speculative in all cases where the tax actually rested on the employee. Since *Graves* is still good law today, it is clear that the burden imposed by social security taxes on the employee would be the employer's tax which would rest squarely on the shoulders of State and local governments. However, in light of other decisions of the court, e.g., *New York* v. *United States*, 326 U.S. 572 (1946) (no State immunity from taxes on the sale of mineral waters) which have not found State immunity from Federal taxation where the tax is imposed on a State activity which is not uniquely governmental in character, it is unlikely that the court would find employment to be an activity which confers immunity from taxes such as the social security employer tax.

Having found that the doctrine of intergovernmental tax immunity does not preclude the extension of mandatory social security coverage to State and local government employees, one must turn to the related question of whether Congress has the affirmative power to pass such legislation. As a starting point for this analysis, it will be helpful to examine the cases which sustained the constitutionality of the original Social Security Act.

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[1] See statement, page 236.

In 1937, three cases were decided by the Supreme Court which upheld the constitutionality of the Social Security Act. These cases were *Carmichael* v. *Southern Coal & Coke Co.*, 301 U.S. 495 (1937), *Steward Machine Co.* v. *Davis*, 301 U.S. 548 (1937) and *Helvering* v. *Davis*, 301 U.S. 619 (1937). Of these cases, *Helvering* v. *Davis* is most closely on point since it dealt with the old age or retirement benefit provisions of the Social Security Act. However, broadly speaking, the court held in each case that Congress' power to enact legislation protecting workers in the private sector of the economy derived from the same source: the power to provide for the general welfare (article I., section 8). Implicit in each opinion was the recognition of a problem national in scope whose solution was thought to be beyond the resources of the States. Either the States were without adequate resources to deal effectively with the problem or they were reluctant to impose heavy tax burdens on intrastate employers for fear of creating an economic disadvantage. *Helvering* v. *Davis*, supra at 644. The court asserted that the considerations of federalism implicit in the 10th amendment must yield to Federal action, at least where a national problem of such urgency weighs in the balance. Unfortunately, the court did not clearly indicate what factors should be considered in weighing interests expressed in Federal legislation against asserted interferences with a State's rights and autonomy. However, this matter has received fuller exposition where the Federal legislation was based upon the commerce power (article I, section 8).

The leading case in this area is *Maryland* v. *Wirtz*, 392 U.S. 183 (1968). In *Wirtz*, the court had the opportunity to examine the 1961 and the 1966 amendments to the Fair Labor Standards Act. These amendments extended the act's regulation of wages and working hours to schools and hospitals operated by States and their political subdivisions. The court held that the extension of the act to apply to State and local governments, insofar as they are operators of schools and hospitals, was justified either under the "unfair competition" theory of *United States* v. *Darby*, 312 U.S. 100 (1941) or the "labor dispute" theory of *National Labor Relations Board* v. *Jones & Laughlin Steel Corp.*, 301 U.S. 1 (1937). The court stated: "(T)here is no general doctrine implied in the Federal Constitution that two governments, national and State, are each to exercise its powers so as not to interfere with the full and free exercise of the power of the other.'" *Case* v. *Bowles*, 327 U.S. 92, 101. The Federal Government may, when acting within a delegated power, override countervailing State interests whether described as "governmental" or "proprietary." *Wirtz*, supra at 195.

Hence, *if* the power of Congress to extend mandatory social security coverage to State and local government employees rested on the commerce power, *Wirtz* would seem to control and hold that it would be constitutional. However, recent developments, at the very least, call into question the continuing validity of the court's decision in *Wirtz*. In 1975, the court decided *Fry* v. *United States*, 421 U.S. 542, 94 S. Ct. 1792 (1975). There the court examined the Economic Stabilization Act of 1979 as applied to the States. The State of Ohio had enacted legislation providing pay increases of 10.6 percent during a period in which increases of 7 percent were the maximum permitted by the pay board. In affirming the district court's holding of constitutionality based on *Wirtz*, the court noted that the statute in Wirtz was "restricted" in scope and thought the Stabilization Act to be even less intrusive on State sovereignty. Furthermore, in footnote 7, the court reiterated that the tenth amendment is not without significance: "(t)he amendment expressly declares the constitutional policy that Congress may not exercise power in a fashion that impairs the States' integrity or their ability to function effectively in a Federal system." *Fry*, supra at 1795–6. Justice Rehnquist, in his dissent, thought the court should go further and expressly overrule *Wirtz*. *Fry*, supra at 1796–1801.

In 1976, the Supreme Court handed down its decision in *National League of Cities* v. *Usery*, 426 U.S. 833 (1976), a case in which the 1974 amendments to the Fair Labor Standards Act that extended the coverage of the act to all employees of States and their political subdivisions were challenged successfully. The appellants argued that either *Wirtz* was wrongly decided or that it should be restricted to the narrow instances where the governmental functions regulated can justly be considered in competition with similar commercial enterprises. Given what the appellants claimed to be substantial Federal interference with State and local governmental functions, the asserted Federal interests in regulating commerce do not outweigh the interests of State and local governments in governmental autonomy and self-regulation. By extending the act's impact on all government employees, Congress, it was argued, had irrationally attempted

to regulate State and local governmental functions which are uniquely governmental and not within the scope of the commerce power.

Despite the court's descision favorable to the appellants in *National League of Cities*, it has not been dispositive of the issue of extending mandatory coverage of social security retirement benefits to State and local government employees. In the year and a half that has passed since the prospectus was written, time has been available for an evaluation of the scope of the *National League of Cities* holding, an evaluation that has taken place in lower courts, legal journals, and pension research organizations.

The trend has been to confine the holding of *National League of Cities* wherever possible. While the plurality opinion speaks of invalidating Commerce Caluse based legislation which "operate(s) to directly displace the State's freedom to structure integral operations in areas of traditional governmental functions," NLC at 852, later cases have weighed this approach against the Federal interest involved. For example, in *Usery* v. *Board of Education of Salt Lake City*, 421 F Supp. 718 (D. Utah 1976), discrimination in filling school vacancies, a violation of the Age Discrimination in Employment Act, was alleged. The board of education replied that the act deprived it "of its freedom to exercise integral State governmental functions." *Id.* at 719. The court did not accept this argument, saying it "construes *National League of Cities* to require a balancing of the State and Federal interests in employment policies and practices even where integral State government functions may be affected." *Id* at 720.

This concept appears to rely on the balancing approach of Justice Blackmun's concurrence in *National League of Cities*. Also, the *Board of Education* district court saw significance in the *National League of Cities* plurality's upholding of an earlier decision in *Fry* v. *United States*, 421 U.S. 542 (1975), saying it indicates "that the court will balance the respective interests of Federal and State governments in regulating economic activity." *Board of Education* at 719.

Another limitation placed on the *National League of Cities* holding has restricted it to Commerce Clause legislation. In *Arritt* v. *Grisell*, 567 F2d 1967 (4th Cir 1977), an action brought against a city under the Age Discrimination in Employment Act and section 16(b) of the Fair Labor Standards Act, the appeals court said:

"We note that the court limited its holding in *National League of Cities* to the commerce power explicitly distinguishing other sections of the Constitution such as the spending power, article I § 8 cl. 1, or § 5 of the 14th amendment as sources of congressional authority that might support intrusions into integral State operations which the 10th amendment would prohibit if grounded on the Commerce Clause." *Id.* at 1270.

Students of the *National League of Cities* case have found methods, similar to those of the lower courts, to limit its applicability. One law review article agreed with the *Arritt* limitations saying "Application of the 10th amendment to the exercise of the taxing and general welfare power can be distinguished from 10th amendment limitations on the exercise of the Federal power to regulate commerce." 45 G.W. L. Rev. 629 May 1977.

A test was established by another article to determine constitutionality, based on *National League of Cities*, of Federal legislation affecting State activity. The test places an emphasis on balancing interests in the following fashion:

"On the first tier, a court must inquire whether the governmental activity being regulated is essential to the States' separate and independent existence. If the activity is essential, a court must move to the second tier of the test, where the court must inquire into the degree of interference imposed by the Federal regulation. If the court finds that the regulation (1) imposes significant financial burdens on the governmental bodies subject to the regulation, or (2) displaces the States' freedom to carry out its essential activities, then the regulation unconstitutionally interferes with States sovereignty unless the interference can be justified by a sufficiently strong Federal interest." 51 N.Y. U. L. Rev. 1006 December 1976.

Where there is some dispute over whether financial burden is a factor to be considered (for a view opposing (1) of the second tier, above, see 77 Colum. L. Rev. 1069), most observors have read some type of balancing test into the *National League of Cities* opinion.

Congress' authority to mandate social security coverage for State and local employees could be derived from sources other than the Commerce Clause. The Supreme Court has not yet applied the *National League of Cities* standards to art. I, Sec. 8, cl. 1 powers (expressly declining to do so in footnote 17, p. 852),

and in fact, the Court has since upheld title VII of the Civil Rights Act damage awards against the States, allowing Congress to act under sec. 5 of the 14th amendments. *Fitzpatrick* v. *Bitzer*, 427 U.S. 445 (1976).

The Supreme Court could set new standards for legislation derived from Congress' taxing and spending powers. A social security tax on State employers could fall within this category. It is therefore helpful to review any proposed legislation according to the current understanding of the *National League of Cities* guidelines.

The first question to ask is whether any proposed legislation "operates to directly displace the States' freedom to structure integral operations in areas of traditional governmental functions." *NLC* at 852. Any legislation being considered will take away some if not all of the State's options in structuring employee pension systems. It can be argued that this displacement is not as severe as the imposition of minimum wage and hour standards. Nevertheless, it probably would be a significant infringement on State decisionmaking, and this analysis should therefore proceed to balancing the State against the Federal interests.

The balancing test might display the difference between any proposed mandatory coverage legislation and the overturned *National League of Cities* FLSA amendments. For example, in mandating social security coverage for State and local employees, Congress can show a great Federal interest that was not present in *National League of Cities*. This interest is the preservation of a viable social security system through the elimination of abuses of the system. Some of these abuses are caused by government workers who become eligible for social security payments due to part-time private employment or their governmental entity's past participation in the social security program. Uniform nationwide involvement and the resulting strengthening of the social security system may be a significant enough Federal benefit to validate this legislation, although some States and localities may be able to respond with showings of considerable loss. At this juncture, it does not appear that *League of Cities* would stand in the way of mandatory coverage of noncovered public employee groups under social security, especially since the tendency has been to confine the reach of that case to Commerce Clause based legislation.

ITEM 3. PROBLEMS WITH STATE CONSTITUTIONAL AND STATUTORY PROVISIONS RESULTING FROM MANDATORY SOCIAL SECURITY COVERAGE OF STATE AND LOCAL EMPLOYEES; SUBMITTED BY NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS [1]

This discussion proceeds on the assumption that mandating social security coverage for State and local employees may be a constitutional exercise of congressional authority. Appendix II [item 2, page 337] outlined the balancing test standard that probably would be used by the Supreme Court in its determination of the mandatory coverage legislation's constitutionality. If harm to the State, a component of the balancing test, is to be minimized, Congress must legislate within the limitations set out by several State constitutional and statutory provisions.

Provisions creating contractual obligations in public employee pension plans are contained in Massachusetts Gen. Laws Chapt. 32 § 25 and in the following State constitutional declarations:

New York Const. Art. 5 § 7
Michigan Const. Art. IX § 24
Illinois Const. Art. XIII § 5
Alaska Const. Art. XII § 7

The interpretation that has been given these sections show the imposition that the Federal Government could place on these States if it were to begin social security coverage immediately. However, the provisions instead could be accommodated to create a system that eventually works efficiently.

The Massachusetts statute, Gen. Laws Chap. 32 § 25(5), states that earlier pension laws for public employees "shall be deemed to establish and to have established membership in the retirement system as a contractual relationship under which members who are or may be retired for superannuation are entitled to contractual rights and benefits, and no amendments or alternations shall be made that will deprive any such member or any group of such members of their pension rights or benefits provided for thereunder."

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[1] See statement, page 236.

The strictness with which the Massachusetts Court views this statute is apparent in *Opinion of the Justices to the House of Representatives*, 364 Mass. 847, 303 N.E. 2d 320, 1973. With the statutory provision in mind, the court disallowed proposed legislation that would raise compulsory retirement plan contributions by government employees from 5 percent to 7 percent of salary, with no increase in benefits resulting. In reaching its decision, the Massachusetts court said: "When the characterization contract is used, it is best understood as meaning that the retirement scheme has generated material expectations on the part of employees and those expectations should in substance be respected." *Id.* at p. 328. The expectations of the workers include the level of deductions, "as an increase in deductions is little different from a diminution of the allowance." Id. at p. 327.

Even though the Massachusetts legislature, in proposing the new statute, would only be setting aside an older statute, the court saw the older statute as creating a contractual right, and it therefore could no longer be set aside through the enactment of later legislation. Because of Mass. Gen. Laws Chap. 32 § 25(5), the public employee pension plan "is under the shelter of the impairment of contract clause, or what amounts to much the same thing, the due process clause of the Federal Constitution and State constitutional provisions cognate to the letter." *Id.* at p. 329.

In its opinion, the Massachusetts court did provide some openings for later legislation that would affect public employee systems. The court said that the State could alter its contractual obligations through its police powers, though it left undetermined the showing of need required. *Id.* at p. 329. Also, the court found no problem with prospective application of the new law. *Id.* at p. 331. Then, according to the language of the statute, anyone who is not yet qualified for retirement system membership may be affected by contractual changes.

Another State provision that has received some analysis is New York Const. Art. 5 § 7, which says, "After July first, nineteen hundred forty, membership in any pension or retirement system of the State or of a civil division thereof shall be a contractual relationship, the benefits of which shall not be diminished or impaired." Case law involving this statute has helped identify members in the retirement system.

In *Birnbaum* v. *New York State Teachers Retirement System*, 5 N.Y. 2d 1, 152 N.E. 2d 241, 1958, a new mortality table, reducing benefits by about 5 percent, was made applicable to all employees who had not yet retired. The New York court invalidated this approach, saying, "By the constitutional amendment the people determined to confer contractual protection upon the benefits of pension and retirement systems of the State and of the civil divisions thereof, and to prohibit their diminution or impairment *prior to retirement*."

A second interpretation of the New York constitutional provision is of some interest to this problem, though its authority is very limited. It comes in the form of an opinion of the attorney general (1957, p. 310). The concern at that time, as it is now, was the extension of social security coverage to State policemen and firemen. The attorney general held that social security coverage must be in addition to existing benefits. He said, "It was not legally possible under the constitutional provision to diminish or impair retirement benefits to which such public employees . . . are entitled." *Id.*

While the constitutional and statutory provisions of New York and Massachusetts have been strictly interpreted, this has not been the case in Michigan. Michigan's constitutional provision, Art. IX § 24, states, "The accrued financial benefits of each pension plan and retirement system of the State and its political subdivisions shall be a contractual obligation thereof which shall not be diminished or impaired thereby." The emphasis this section places on benefits has been interpreted as limiting its applicability.

In *Advisory Opinion re Constitutionality of 1972 Pa 258*, 389 Mich. 659, 209 N.W. 2d 200, 1973, an employee contribution rate increase for some workers, without a benefit increase, was upheld by the Michigan court. The rationale incorporated within this opinion was stated as follows:

"Under this constitutional limitation the legislature cannot diminish or impair accrued financial benefits but we think it may properly attach new conditions for earning financial benefits which have not yet accrued. Even though compliance with the new conditions may be necessary in order to obtain the financial benefits which have accrued, we would not regard this as a diminishment or impairment of such accrued benefits unless the new conditions were unreasonable and hence subversive of the constitutional protection." *Id.* at p. 663.

Given the Michigan concept of the pension contract, social security could be substituted for all employees to create benefits that will accrue in the future. As long as past benefits remain intact, the Michigan notion of the contract would be satisfied. This technique, however, would not work in New York and Massachusetts, where expectations are considered the significant feature of the contract. If social security can be substituted, in whole or in part, into the public employee pension system without any change in existing workers' expectations, it could pass the test set in those States. If this is not done, the benefits and costs of social security will be placed on top of those already bargained for current employees and retirees.

There remains the problem of defining the employee group that is eligible for contractual protection. It is clear that the membership extends beyond those presently retired. It appears that once an employee is eligible for pension benefits, the contract applies. A strong argument can even be made that once an employee invests his first dollar in the pension system, the contract holds. On the other side of the line, the opinion of the Massachusetts justices, supra, indicates that the terms of the contract can always be altered for future employees.

Viewing mandatory social security coverage tactics within *National League of Cities* restrictions, it is again necessary to observe the balancing test. If the social security system is unable to step in and keep employee expectations intact with no burden to the State, some harm will be established, either to the State or its employees' expectations. This harm will not be evident if the social security coverage is to be applied prospectively.

If social security coverage is mandated for future State and local employees, arrangements can be made for local supplementation of benefits, which will fall within the several States' constitutional and statutory requirements. This accommodation is well suited for the *National League of Cities* balancing test. It therefore seems that, as long as mandatory coverage is not an immediate necessity, it would best be pursued on a prospective basis, applying only to employees newly hired for the first time after the date of enactment of the necessary legislation.

ITEM 4. "THE RETIREMENT TEST IN SOCIAL SECURITY," BY NELSON H. CRUIKSHANK,[1] PRESIDENT, NATIONAL COUNCIL OF SENIOR CITIZENS, INC.[2]

The original study of the retirement test in social security—approved by the national council's executive board—was conducted in response to a mandate of the eighth National convention of the National Council of Senior Citizens which was held in Washington, D.C., June 5–7, 1969. This revised and updated study was approved by the executive committee of the board in May 1977.

ABOUT THE AUTHOR

Nelson H. Cruikshank, president of the National Council of Senior Citizens, is an authority on social insurance and the social security system. Born at Bradner, Ohio, in 1902, he attended public school at Fostoria, Ohio, went to Ohio Wesleyan University. He graduated from there 1925, and from Union Theological Seminary New York City, in 1929.

During the 1930's, he conducted a relief program in New York for the Brooklyn Federation of Churches, a worker's education program at New York University and ran a migratory labor camp program for the Federal Government.

After service as a top official of the War Manpower Commission in World War II, he became director of social insurance activities for the American Federation of Labor, a post he held for 6 years. He then was named Director of the European Labor Division for the U.S. Economic Cooperation Administration, with headquarters in Paris, France.

Cruikshank served as director of the AFL–CIO social security department from 1955 until his retirement in 1965.

After retirement he held appointments as visiting professor at Michigan State University and Pennsylvania State University, and as lecturer in social work at the University of Michigan.

He was a member of the Government's statutory advisory councils on social security in 1948–49, 1958–59 and 1964. He was a member of a special consultants'

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[1] Now counselor to President Carter on aging, and chairman, Federal Council on the Aging.

[2] See statement, page 279.

group to advise the Secretary of Health, Education, and Welfare on social security in 1954.

Cruikshank has been a member of the Advisory Council on Employment Security, U.S. Labor Department, serving three terms in that post. He was an original member of the Health Insurance Benefits Advisory Council set up under the Social Security Amendments of 1965 to advise the Secretary of Health, Education, and Welfare on Medicare. In 1968, he was reappointed to this Council for a 4-year term.

A founding member, Cruikshank was elected president of the National Council of Senior Citizens in 1969.

THE RETIREMENT TEST IN SOCIAL SECURITY

The retirement test is just what the name implies, though it is often referred to by other names, such as, "earnings test," or "work test." It is a test basically in terms of dollars earned in a year to determine whether a person otherwise eligible for social security retirement benefits can be considered retired.

The reason for there being such a test rests on the fact that the old age survivors and disability insurance provisions of the Social Security Act are designed to insure individuals and families against the risk of a loss of earnings arising from retirement from work (either compulsory or voluntary) in old age or from disability or death. It is comparable in concept to unemployment insurance or on-the-job injury insurance (worker's compensation) under which the benefits are not payable unless the worker is actually unemployed or has suffered injury resulting in loss of wages. Just so, benefits are not payable under the retirement test provisions of the social security program to those between the retirement eligibility age and age 72 unless the worker can be considered substantially retired.

Confusion about the nature and purpose of this program frequently arises from comparing it with a straight annuity program where benefits are paid when a person reaches a specified age, regardless of any earnings the retiree may have. Such programs are quite different in basic concept from that of insurance against *loss of earnings* and require substantially more financial support than that provided under the social security tax schedule. In other words, to have made social security an annuity program permitting the payment of benefits to people with unlimited earnings after retirement would have required much higher contributions from workers and employers and the self-employed than they have been paying all these years. Alternatively, to adopt such a system now would demand the expenditure of between $6 and $7 billion for the first year (and more in future years) to benefit about 1 out of every 16 *aged* people in America. Those benefiting would be those who enjoyed the highest earnings and who, presumably, have less financial need in retirement. The question of what other benefits could be added for all social security beneficaries for the same amount of money that removing the retirement test would cost is the real heart of the issue. The reasons for this conclusion are set forth in the following sections.

HISTORICAL BACKGROUND

The test of retirement has undergone a series of modifications since social security was first enacted in 1935. These reflect some changes in the basic concepts of the program as well as modifications that Congress felt desirable because of changes in economic conditions.

The earnings test originally applied only to earnings in "covered" employment because it was not thought to be administratively feasible, with the limited coverage of the program, to apply the test to *all* gainful employment. Theoretically, this left an individual worker upon retirement from his regular job free to supplement his benefits by getting a job in agriculture, domestic service, city or State government, or any other employment not then covered by social security. The freedom to earn wages in noncovered employment, however, in depression days, was more theoretical than real.

In 1939, before benefits became payable, the act was changed to allow a limited amount of earnings in covered employment while still permitting a beneficiary to be considered retired. The limit was $14.99 a month. This amount was changed to $50 in 1950, and $75 in 1952 for employees, and at the same time, a test for the newly covered, self-employed was implemented on a comparable annual earnings basis ($600 in 1950 and $900 in 1952). The test for retirement for self-employed workers was made to rest more on the test of whether the individual rendered

"substantial services," though amounts of earnings are also considered in the determination as to whether he has actually retired.

In 1954, the law was changed so that the test applied to all earnings, not just earnings in covered employment and a combination annual and monthly test was instituted for both employees and the self-employed. The 1954 amendments set $1,200 as the amount a beneficiary could earn and get all of his benefits. If earnings exceeded $1,200, 1 month's benefit was withheld for each $80 or fraction thereof earned above $1,200. However, no benefits were withheld for any month in which the worker neither earned more than $80 in wages not rendered substantial services in self-employment.

The 1958 amendments provided that a beneficiary who earned above $1,200 in a year would not have a benefit withheld for any month in which he earned wages of $100 or less (rather than $80 as previously provided).

A major change in the retirement test was provided by the 1960 social security amendments. Under this change benefits were adjusted in direct ratio to the amounts of earnings above $1,200—$1 in benefits was withheld for each $2 in earnings from $1,200 to $1,500 and for each $1 above $1,500. As under previous law, no benefits were withheld for any month in which a beneficiary neither earned wages of more than $100 nor rendered substantial services in self-employment.

Further modifications were made in 1961, 1965 and 1967. In 1972, legislation provided that the annual exempt amount under the retirement test be automatically increased from time to time based on increases in general earnings levels. Under this provision, the exempt amount increased in 1975 and 1976, reaching $3,000 for 1977. Also, in 1973, the point at which $1 in benefits was withheld for each $1 in earnings was eliminated.

This is how the present provisions of the retirement test operate for an individual who is under 72 years of age and who is otherwise eligible for retirement benefits in 1977:

If he earns $3,000 or less during the year nothing will be withheld from his benefits. If he earns more than $3,000 in the year, for each $2 of earnings above $3,000, $1 will be withheld from his benefits. However, regardless of total earnings in the year, benefits are payable for any month in which he neither earns wages of more than $250 nor performs substantial services in self-employment.

ATTEMPTS TO REMOVE THE RETIREMENT TEST

There have been persistent attempts to repeal or drastically modify the retirement test. Many bills are introduced in every session of Congress for this purpose. The criticisms of the test have a wide appeal—especially to those who are not acquainted with the basic purposes and design of the social security law.

For example, critics allege an "inequity" in the fact that a retired person may derive substantial income from savings and investment without loss of any of his social security benefits while a worker who earns more than $3,000 in a year—even if it is only a small amount—has his benefits reduced.

The investor who gets social security retirement benefits can do so only when he has retired and thus he has suffered a loss of earnings—which was the risk insured against under the social security system. The question of his need as compared with that of a less affluent neighbor—does not relate to his eligibility. That's the way insurance works—including social insurance.

Another argument frequently advanced against the retirement test is that the worker has paid social security taxes most of his working life and, therefore, "has paid for" his benefit; it is an "earned" right and should not be denied him simply because he chooses to keep working.

The social security system accepts the principle of entitlement to a retirement benefit as an "earned right" only to distinguish the basis of entitlement from that resting solely on a person's need. In the case of government programs, need usually means a proven need and this involves a means test. The fact is that the typical full-time individual worker has not made contributions (paid taxes) into the social security system, even including those paid by his employer, that represent more than a fraction of the total amount of benefits due such a worker based on his normal life expectancy. So, in reality, he has not "paid for" his benefits though they are recognized as an earned right. The social security deductions that have been taken from his pay represent "premiums" that go to insure a portion of his earnings against loss resulting from retirement and he should not expect to draw his benefits without suffering a loss of earnings from work any more than he can expect to collect on his fire insurance when his house has not burned.

Another plea often made in support of removing the retirement test is based on the present level of social security benefits. The inadequacy of benefits, particularly for those who retired years ago and whose benefits reflect low-wage histories, cannot be denied. The answer to the need for greater incomes for the elderly, however, does not lie in permitting the relatively few who are still young enough and healthy enough to work and for whom there are available jobs to draw benefits while continuing to work—especially when to do so would be so costly to the system as to make it more difficult to obtain other needed improvements that would help all retired people.

Why are persons 72 and older not required to meet the retirement test? The answer is that though the insurance principle is fundamental to the social security system, it is not taken over without modification from private or commercial insurance programs. For example, there is a weighting of the formula for determination of benefit amounts in favor of the lower paid worker which is a departure from the rule that the amount of indemnity be directly related to the amount of the loss or the size of the premiums. Social security departs from rigid commercial insurance standards in a number of ways that Congress has determined enable the system better to meet its social objectives.

It must be borne in mind that many people beyond 72 years of age who are still working may never retire. The 7 years during which these people did not draw benefits because they did not retire represents a considerable saving to the system, not to mention the fact that they still continue to pay social security taxes on their earnings. Of course, many of those aged 72 and over who work have retired from their regular full-time job, or partially retired, but once having left their regular job, it is not likely their earnings will be very high in most cases. Based on such considerations of equity, those over 72 have been relieved of the retirement test.

WHO WOULD BE HELPED IF THE RETIREMENT TEST WERE REMOVED

More important than all considerations of the theory or principle on which the retirement test rests is the question of its impact on older people. Who and how many would be helped if it were removed, and who and how many would be injured?

The chart [on page 346] shows the number of people affected and the number not affected by the retirement test out of the total 21.8 million persons aged 65 and older and eligible for social security benefits in the year 1976—the latest year for which figures are available. In 1976, the level of earnings applicable to the retirement test was $2,760, rather than $3,000 which applies to 1977.

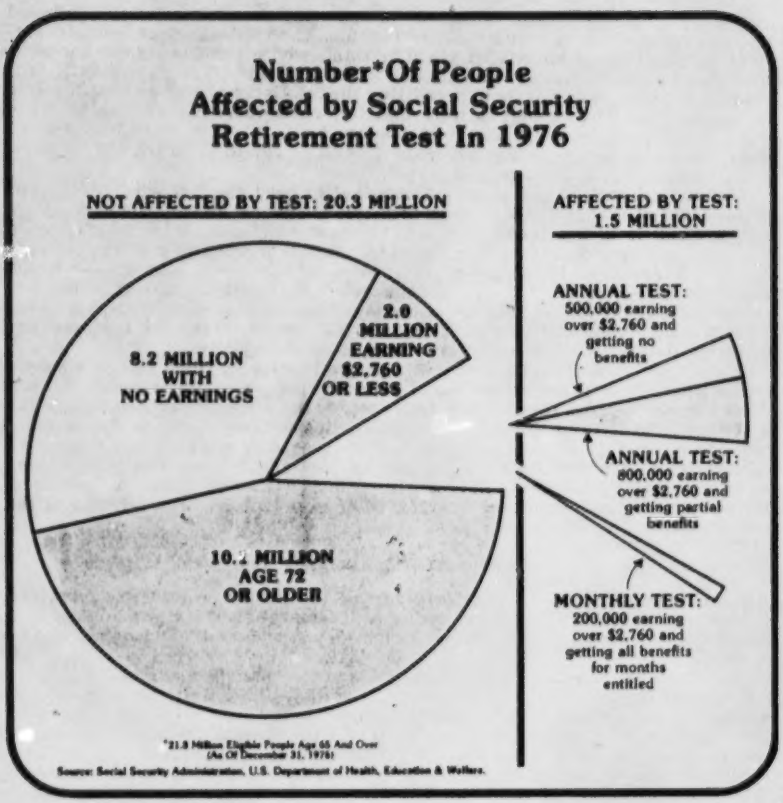
Actually, the number affected by the retirement test is quite small when considered as percentage of the total. The 21.8 million represents all those eligible for cash benefits, either as workers, or as dependents or survivors of a worker. Of the 21.8 million, only 1.3 million—about 6 percent—had any benefits withheld under the retirement test in 1976. There were 10.1 million aged 72 and older during all of 1976 and, thus, not subject to the test. (Beneficiaries under age 65 are not included in the chart; the percentage of beneficiaries under age 65 with benefits withheld is considerably less than for those 65 and over.)

There are 10.2 million people who were under age 72 and subject to the test but who earned less than $2,760, the annual exempt amount of earnings. Among these 10.2 million, 8.2 million had no earnings at all, and another 2 million had earnings of less than $2,760; almost all of the people in these two groups were probably either unable to earn as much as $2,760 a year or preferred not to work enough to do so.

There were about 200,000 people who earned more than $2,760 and had no benefits withheld. These were largely people who in the year in which they retired and started getting benefits had either no earnings or earnings not exceeding $230 a month after they retired. Others were self-employed but did not render substantial services in their businesses.

Another group of about 800,000 earned over $2,760 (or were dependents of persons who earned over $2,760) and received some but not all of their benefits. Many of these workers earned all that they could earn.

The remaining 500,000 includes workers who earned over $2,760 (or were dependents of such workers) and whose earnings were high enough so that no benefits were payable. Most of these workers undoubtedly had not retired and were earning as much as they ever did. If there had been no retirement test, they could have received full benefits.



The chart identifies the 1.3 million people who may be thought of as directly affected by the retirement test—those under age 72 whose earnings exceeded $2,760. Thus, eliminating the test would help about 6 percent of the people who are aged 65 and older and eligible for benefits, and these would generally be those least in need of additional income compared to those beneficiaries who either did not or could not work, or did not earn amounts in excess of $2,700.

Among the beneficiaries who work but earn less than the exempt amount studies made in the past suggest that for some people the retirement test may act as a disincentive to work. However, studies made by the Social Security Administration also show that this effect is very limited. The reasons for stopping or limiting work effort are varied and complex, including retirement policies, job availability, health and other reasons.

The retirement test does not compel anyone to stop working. It is a test of whether or not a person who is otherwise eligible has suffered a loss of earnings by reason of retirement. It is likely that most people with earnings at or near the exempt amount after they have substantially retired do not work more because of physical limitations or labor market limitations. In addition, since there is always a net addition to income from working—even with the reduction of $1 in benefits for each $2 of earnings after the exempt amount is exceeded—most people who value the extra income more than their leisure time, and are able to work, will do so.

WHO WOULD BE HARMED BY THE ELIMINATION OF THE RETIREMENT TEST?

The answer to this question depends largely on three factors: (1) What the cost would be, (2) how that cost would be distributed among taxpayers, and (3) what other changes in the program might be discarded because of the cost of this one.

The dollar cost to the present program of eliminating the test would be between $6 and $7 billion for the first year. The long-term level cost would be, according to actuarial estimates, about 0.39 percent of taxable payroll. Raising the annual exempt amount from $3,240 (estimated exempt amount for 1978) to $5,000, as some advocate, would cost about $1.6 billion for the first year with a long-term cost of 0.20 percent of taxable payroll.

It would, of course, be theoretically possible to eliminate the test and add the cost to the present social security tax schedule and, thus, require those who are still working (and future workers) to carry the load. This is, however, neither socially desirable nor politically feasible in the light of the figures cited above showing that, at the most, about 6 percent of the elderly would benefit and this group would be the least in need of additional income. Workers have shown a commendable willingness to pay social security taxes; but it is doubtful the same willingness would be shown toward a steep increase in taxes to pay benefits to people including the highest paid professionals and business executives who are still working.

Any degree of political realism leads to the inevitable conclusion that if such a costly change were made in the social security system, it would be very much more difficult to secure other changes which also entail increased costs. The question of what other benefits might be added to the program for the same or comparable cost brings us to the heart of the issue.

In a very real sense all the people, the widows, the disabled, and all beneficiaries who would benefit by alternative liberalizations, costing approximately the same amount, would be the ones who would be paying for the elimination of the retirement test.

When the same question is put in another way, the policy issue is even more evident. If we had $6 to $7 billion a year (the cost of eliminating the retirement test for the first year) to distribute among the elderly, where would we put it? It is hardly conceivable that we would distribute it only among about 6 percent of the elderly who make up the group now affected by the retirement test and which includes all those having the highest earnings. Surely, we would consider first the needs of the elderly who are unable to continue work. This, essentially, is the issue before us.

CONCLUSION

It would appear evident from the facts and figures cited above that the elimination of the retirement test in the social security progam is neither practicable nor desirable since it would help a comparatively small number who are least in need and deprive a very large number, including those most in need of the benefit, of possible improvements in the program.

This does not, of course, mean that the present earnings test of retirement ($3,000 annual earnings in 1977) is fixed for all time. Present law provides automatic liberalization of the test by increasing the exempt amount of earnings whenever there is a benefit increase based on increased cost of living. This provision has already operated to raise the amount of annual earnings permitted without reduction in benefits from $2,100 in 1972 ($175 monthly) to $3,000 ($250 monthly) in 1977—a 42.9 percent increase in five years. NCSC believes that increases in cost of living should be reflected in the earnings amount used to test retirement and accordingly supported the proposal when it was before Congress in 1972. Such automatic adjustment, however, is quite different from removing the test entirely or from liberalization of the test as steps toward ultimate removal.

In 1976, it was estimated that in the five year period 1976–1980 $460 billion would be collected in social security taxes under provisions of present law and $487 billion will be paid out in benefits and administrative expenses—a deficit of $27 billion if no additional revenues are added to the program. Eliminating the retirement test would in the next five years add a cost factor that would completely wipe out the trust contingency reserve for the payment of benefits. In fact, such a move would place the contingency fund in the impossible position of being nearly $15 billion in the red. Short of eliminating the retirement test,

raising the exempt amount of earnings beyond the automatic increases already provided would still result in substantial future withdrawals from the fund.

We do not share the alarms expressed in some quarters as to the ability of the system to make the necessary adjustments to enable social security to meet its future obligations. We do recognize, however, that these "adjustments" must include increases in revenues either through increases in contributions (taxes) or through support of the general revenues of government.

The NCSC has never proposed improvements in the benefits to be paid or other liberalizations of the social security system without also supporting realistic means of financing such changes. We wish those who blithely call for the elimination of the retirement test would also face up to the realistic problems of meeting the costs of their proposals.

ADDENDUM

Since this pamphlet was first issued, an important legal decision has been rendered which relates directly to the position on the retirement test taken by the National Council. A three-judge U.S. district court in Massachusetts unanimously ruled that charges that the retirement test was unconstitutional on the grounds of being unfair, discriminatory, and in violation of due process, were without foundation.

The following is quoted from the Court's decision:

"From its inception in 1935 the social security old-age benefit system was designed to provide insurance against the failure to receive a particular kind of earned income. This is shown by the provision in § 202(d) of the original act, 49 Stat. 620, 623, that then old age benefits were not payable for any month for which a person received wages in covered employment. It is a misunderstanding to treat this insurance system as though it were addressed to the risks of the aged poor as such. It is a system that covers both rich and poor insofar as they receive earned income in covered employment and *have retired from employment* . . . The test of a right to a benefit is not poverty nor even old age—but, in general, former employment in taxable occupations, plus attainment of a prescribed age, *plus present retirement from work*." (Emphases added)

Those interested in pursuing further the legal aspects of this issue are referred to *Gainville* v. *Richardson*, 319 F. Supp. 16 (1970).

THE NATIONAL COUNCIL OF SENIOR CITIZENS

The National Council of Senior Citizens was organized in 1961 by Aime J. Forand, a retired Congressman from Rhode Island and pioneer advocate of what is now medicare.

The national council:

—Led the fight for medicare and strives for improvements in the program.

—Vigorously supports enactment of national health security, which offers comprehensive, universal health insurance for all, underwritten by the Federal Government, without the barriers of deductibles and cost-sharing.

—Is spearheading the drive to maintain a strong social security system, to eliminate remaining inequities and to provide adequate financing for the future.

—Pushes vital programs like housing for the elderly, the Older Americans Act, and a senior citizens community service corps to provide jobs for the low income elderly.

—Fights discrimination against older people.

—Is the link between older people and other nationally organized groups, both young and old.

Today's elderly are the men and women who lost jobs, homes and savings in the great depression. They survived the depression and helped build a period of unparallelel prosperity but, for millions of today's seniors, the depression never ended.

The National Council of Senior Citizens seeks legislation at the Federal, State, and local levels to assure them at least minimum comfort and security during the retirement years.

However, the national council is more than a special interest group for the elderly. Our organization seeks a better life for all Americans—old and young. We support clean air and clean water legislation, equitable and adequate income maintenance for the under-privileged in society, a national energy program, occupational safety and health measures, consumer protection and other legislation for a greater America.

ITEM 5. LETTER AND ENCLOSURE FROM ANNE E. BLAKELEY,[1] LIAISON ASSISTANT, NATIONAL INDIAN COUNCIL ON AGING, INC., TO WILLIAM E. ORIOL, STAFF DIRECTOR, SENATE SPECIAL COMMITTEE ON AGING, DATED SEPTEMBER 1, 1978

DEAR BILL: The attached is a copy of a presentation Larry Curley made at the Fifth National Institute on Minority Aging in San Diego earlier this year. Although intended for a different audience, we feel that the views expressed are informative and valid as background material. The National Indian Council on Aging will be submitting additional material which is now being prepared in Albuquerque.

Since I will be representing the National Indian Council on Aging at the hearing, on September 8, 1978, also attached is my resume, as per your request.

Respectfully,

ANNE E. BLAKELEY.

Enclosure.

RETIREMENT: AN INDIAN PERSPECTIVE

It is a pleasure to be here at the Fifth National Institute on Minority Aging. I welcome the opportunity to verbalize an Indian perspective into the proceedings of this institute.

My name is Larry Curley and I am the liaison specialist for the National Indian Council on Aging. I am a member of the Navajo Tribe and currently working in Washington, D.C.

When I was contacted by the institute approximately 2 months ago, I was instructed to be a "tone setter" for the proceedings of the next 2 days. As a "tone setter," I view my role as that of developing empathy to the American Indian and his reality—especially in the area of retirement and related activities to this concept.

The definition of "retirement," according to Webster's Dictionary, is "the state of being retired"; accordingly, the definition of "retired" is "withdrawn permanently from work."

I approached this topic, and how it could best be presented in a manner to enable people to become familiar with and develop empathy with the realities of the American Indian elderly.

I believe that in the discussion of the subject, I must qualify my statements by saying that my perspective is only one perspective. I will explain that statement later on in this discussion.

According to the 1970 Census statistics and as revised by those who have the intuition and skill, there are approximately 800,000 American Indians in the country today. There are over 290 Indian groups with over 300 identified languages. They are scattered across the various parts of the country, with approximately 50 percent residing in the Western part of the United States. They live in both rural areas and urban areas, with the majority of them living in the rural areas—mostly on reservation land.

Of the approximately 800,000 American Indians, there are about 64,000 elderly American Indians who are 60 years of age and older. They constitute roughly 8 percent of the total Indian population—as compared to the total national percentage of 14 percent. This population—referring back to the three perspectives—constitutes the first perspective on the concept of retirement.

For today's elderly Indian, most would have been born on or before the year 1917—approximately 30 years after the Wounded Knee incident. This incident was still fresh in the minds of American Indians—just as the memories of World War II are to a veteran of this major world war. The next generation, today's elderly, were taught and raised to distrust the white man. A lot of the mistrust was intensified by the policies of the Federal Government which was based on two assumptions:

(1) The American Indian was biologically inferior and would eventually die out; and

(2) That the Indian culture would not be able to survive the onslaught of the non-Indian society and also would die out.

By the 1920's, contrary to the assumptions just mentioned, the Indian and his culture was still in existence—however precarious. The Indian population by this time had dwindled to a fourth of the population it had one century earlier.

With this as background—my grandmother was born in the late 1890's. She is in her eighties today and still residing on the Navajo Reservation. I assume that

[1] See statement, page 321.

my grandmother is typical of an elderly Indian and Navajo woman today. Statistically speaking, she is a fortunate person to have lived these numbers of years, with the life expectancy at the time of her birth of at least three decades.

In 1926, the Institute for Government Research conducted a study of Indian policy and reported that "the income of the typical Indian family was low . . . only 2 percent of the Indians had incomes of over $500 a year. Partly as a result of this poverty, the health of the Indians, in comparison with the rest of the population, was bad. The death rate and infant mortality were high. Tuberculosis and trachoma were extremely high. Living and housing conditions were appalling; diet was poor; sanitary provisions were generally lacking. The system for Public Health administration and relief was inadequate. The educational system had no well considered broad educational policy.

These were the times of my grandmother. She didn't attend any schools nor did she pursue employment. She was raised by her grandmother who taught her to behold and revere the land that she walked upon. She was taught that there was an order and balance to everything. That she had a relationship with all living beings and with those that were inanimate—the mountains, the river, the trees, and the wind itself.

She heard about the white man, now busy killing himself somewhere else. Each morning, at dawn, she would open the gate for the sheep and goats to forage for food. These animals were the lifeline and played an integral in the family. They provided food, clothing, and social status. The more sheep you had, the higher up the social ladder you were. This was her employment—her education was that which cemented her relationship with the universe. Today, each morning, she tells her grandchildren to open the gate to let out the sheep. The sheep are still important. She is up before dawn to pray and to bless the new day—an activity that she had been taught by her grandmother that she must do. She is up at dawn because that is the best part of the day. That is the time when the good things are in existence—good health, increased wealth, and increased wisdom. She tel's all these things to her grandchildren today. That, ladies and gentlemen, is today's elderly Indian. Now then, for purposes of this institute—how does the concept of "retirement" fit into this scenario: Or does it?

I don't think it does—in the strict sense. The concept of work does not fit into the activities that my grandmother undertakes. She does not consider it a job, but an activity one has to do. She hasn't retired from anything other than opening the gate each morning. She has undertaken a new role—that of teaching her grandchildren what her grandmother taught her. She is now in the position of being older and therefore in a position of wielding wisdom and knowledge. She is sought out when the order and balance of the world becomes undone. In essence, she has "retired" from the role of being the student to the role of being a teacher. She doesn't have to worry about planning for her "retirement," because it is a process that is inevitable and definite. Her sheep are still there, as is her religion, and her perspective of the universe. They provide her with the balance necessary to live. She has learned to tolerate the white man's way—however irrational it might seem and has even adapted his language—she says "goddana" for "god———it."

The second perspective that I will touch upon is that of today's middle-aged working Indian. This group will include the age range of 35–64. The Bureau of Indian Affairs estimated that 20 percent of the Indians living on or near reservations were in this specific age grouping. Specific data breakdown on this age cohort were not made available, but the Bureau of Indian Affairs estimates that the employment/under-employment rate for the Indian labor force was approximately 55 percent, with the unemployment rate of 37 percent. Although these statistics are spotty, they do provide a general understanding of the Indian employment scene. My description of this age group will be mainly addressing those in the 45–59 age range—mainly because they will be ones who will be "retiring" soon from the labor force.

Most of the people currently in this age group have attained more years of schooling than their parents. Most have been in the armed forces. On the Navajo Reservation, they constitute roughly 10 percent of the total population. As veterans of World War II or the Korean War, they are more aware of conditions external to the reservation and since the reservation does not offer many employment opportunities, they have left the reservation to find employment. It has been found by the American Indian Policy Review Commission that most Indians, upon retiring, return to the reservation.

This particular group was raised during a period of Federal policy that included assimilation. Most were told in Bureau of Indian Affairs schools to learn

the white man's ways because the Indian lifestyle was bound for extinction. This age group adopted some of these teachings and incorporated them into their personal philosophy. While attending off-reservation boarding schools, they lost contact with their tribal cultures and as a result retained little of what their parents had taught them.

Within this context, the reference and applications of "retirement" is appropriate. Most will "withdraw permanently from work." If they follow statistical trends, they will return to their respective reservations armed with the last minute instructions on how they should enjoy their retirement. Retirement to them would mean the same thing as it does to their non-Indian counterparts: no work. However, what they are retiring into or the application of the concept of retirement within this context is unknown. Upon their return to the reservation, they will encounter a new social structure. They will still be the sons and daughters of their parents who now have the monopoly on wisdom and knowledge. In other words, "culture shock." The everyday process of living on the reservation would be viewed by the new retiree as boring—unless he/she reorients himself.

Now finally, the Indian youth of today who are tomorrow's elderly. In contrast to their parents and grandparents, an Indian child born in 1969–71 is expected to live 65.1 years as compared with 70.9 years for the U.S. population. The Indian population is young; according to the 1970 census, the median age of the Indian community was 20.5 years as compared to the U.S. 28.1.

The Indian youth of today are better educated than their parents and grandparents. In 1974, the Western Interstate Commission on Higher Education reported that there were 13,300 students enrolled in 100 post-secondary institutions. But, this has been tempered by the fact that the high school dropout rate is approximately 42 percent at the secondary level. In 1969, the Navajo Tribe conducted a survey and found that 52 percent of all students entering college dropped out at the end of the first semester and approximately another 25 percent of the remaining, dropped out the following semester. It has been my experience as a student in 1969, that many of the Indian students did not have as much contact with their non-Indian counterparts as compared with the Indian students entering college in post-Watergate. I believe that a lot of the students entering college during this time period, had rekindled the pride of being Indian and as a result asserted themselves more. This renewed interest in Indian identity has resulted in such events as Wounded Knee in 1973, Alcatraz, and so forth.

With the shift of the pendulum toward ethnic pride and increased education, the Indian youths are returning to the reservations to work. Most return to work for the tribal government—most of which do not have retirement plans in effect. At this time, however, the unemployment rate is still the highest among all ethnic groups. It ranges from 63 percent in Alaska to 7 percent in Mississippi.

Is the concept of "retirement" applicable for today's Indian youth? Yes, it is. For those who are employed will eventually retire—as has been previously defined. Most of today's Indian youths have adopted some aspects of the non-Indian values and it would be foolish for me to try to disclaim that it hasn't happened. Whether they will enjoy the status their grandparents occupied, remains to be seen. In essence, how is the influence of the larger society going to impact on the Indian lifestyle?

These are the three perspectives that I had originally indicated that I would discuss with you today. With the three perspetctives, one must ask how do three perspectives affect the area of preretirement planning and postretirement planning?

In the area of preretirement planning, today's Indian elderly probably would not need to be counselled on how to enjoy his last remaining days. As for the middle-aged Indian—assuming he is employed—preretirement planning should include a reorientation to the tribal environment, and since this group includes some partially educated people, it should also include an analysis of educational opportunities in the area to which he will be retiring. The orientation should be done preferably by someone who is familiar with tribal government, tribal values, and opportunities. For today's youth, this question becomes moot, since we are educated in a system that expounds "success" and equates it with monetary gain. Since there is a high number of dropouts at the secondary level, it should be the responsibility of the schools to develop courses that deal with life insurance, wills (however, among most Indian cultures, to consider wills is to insure an early death), and so forth.

In the area of post-retirement planning, it is obvious that the Indian elderly know what they want to do with their time, and it would be fruitless to apply

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this concept to them. However, to the middle-aged Indian it would be applicable. In this case, the responsibility of ensuring that the newly retired person's skills are utilized optimally, the tribe should develop a roster that describes the retiree's skills, abilities, and interest. I should caution, however, that I do not mean to advocate governmental personal files, but rather a system of utilizing individual skills.

The concept would apply equally to today's youth. However, this also should be the responsibility of Indian tribes to develop. Funding of various Indian groups to develop a model project that incorporates retirement planning with tribal values would not only ensure that the retiree is happy, but would assure him that he/she can "retire" within his/her reality. The youth will present new challenges; the need for adult education will increase, as will the need for health facilities and volunteer opportunities.

In closing, I would like to thank the institute and you out there who sat throughout my "tone setter." Again, let me state that what I have discussed with you today is my personal perspective and not meant to be all-inclusive. It is difficult to talk in specifics in the time frame allotted, nor do I feel that that was my purpose.

In conclusion, I believe that the following statement probably most accurately describes the feelings of the American Indian elderly and hopefully others as well. I am sure it also reflects the feelings of tomorrow's Indian elderly:

"Let me be a free man—free to travel, free to stop, free to work, free to trade where I choose, free to choose my own teachers, free to follow the religion of my fathers, free to think and talk and act for myself. . . ."—Chief Joseph, 1879.

Thank you.

ITEM 6. STATEMENT OF LARRY CURLEY, LIAISON SPECIALIST, NATIONAL INDIAN COUNCIL ON AGING

The Indian Perspective: Retirement, Work, and Lifelong Learning

INTRODUCTION

It has been estimated by the Bureau of Census that approximately 25 percent of the total U.S. population will be 60 years of age and older. This increased population will undoubtedly have its impact on the economy and social service delivery systems, because it is this age group that has unique problems that must be dealt with in a unique and creative fashion. It is a question whether current service delivery mechanism will still be valid. It will also be a time when current philosophies regarding aging programs will be questioned and with approximately half a century of experience in this field, no doubt, the answer will be at hand.

In preparation for that inevitable moment, the Senate Special Committee on Aging, chaired by Senator Frank Church, held a roundtable discussion on September 8, 1978. It was the purpose of this meeting to discuss the issues surrounding the concepts of employment, retirement, and lifelong learning. It is the purpose of this paper to scrutinize these concepts from the Indian perspective.

THE SCENARIO

In 1976, according to the U.S. Bureau of Census, there are approximately 1 million Indians in the United States. Approximately 56 percent of these individuals resided on reservations. There are approximately 466 federally recognized tribal lands, bands, and groups that exist within the continental United States, along with 200 recognized native villages in Alaska. The median age of the Indian population in 1970 was 20.4 as compared to the 28.1 of the total U.S. population. The median age for Indian males was 19.9 and for females, 20.9. The Indian population increased approximately 51 percent between 1960 and 1970. It is estimated by the Bureau of Indian Affairs that approximately 48 percent of the Indians living on reservations are below the poverty level. The median income level in 1970 was $5,832; for the U.S. population it was $9,590. It is estimated that the unemployment/underemployment rates on reservations average at 55 percent of the Indian population. This average, however, does not depict the 78 percent rate in Alaska nor the 68 percent rate of California reservation Indians.

Fifty-five percent of those over 16 who were employed, worked in urban areas with 9 percent employed in the professional and technical ranks.

The educational level of the Indian population was considerably less than U.S. population—9.8 years of schooling versus 12.1. It should be noted that there have been no studies that we could identify, which assesses the quality of education that is received by the Indian population. Additionally, 25 percent of males between the ages of 16 and 21 were school dropouts. On reservations, 58 percent of Indian children drop out of school before they can complete the sixth grade.

THE ELDERLY

According to the 1970 Census, as updated, there are approximately 64,000 Indians age 60 and over. This population represents approximately 8.4 percent of the total Indian population. It should be noted that in 1970, there were 88,809 Indians age 55 years and over. Conceivably, in 1976, they are the ones who now comprise the 60 and over group. In essence, we are talking about an estimated 89,000 target population.

Most of this population reside on reservations, over 51 percent. There have been no studies done to date that identify the income level of the elderly, but based on the unemployment rates of the younger cohorts, the education levels, it can only be estimated that as many as 75 percent have incomes below the poverty level. The educational level of older Indian persons has not been determined as well.

DISCUSSION

In the introduction section of this paper, it has been noted that projections indicate that 25 percent of the total population will be considered elderly or near elderly in the year 2000. In the year 2000, the young people that comprised 50 percent of the Indian population will be 50 years and older. This will be approximately half a million, an increase of almost 800 percent. At current migration estimates, most will eventually return to live on their respective Indian reservations. Most will be educated at the ninth grade level, living on income derived from their past earnings—mostly lower paid employment throughout their earning years, which would not produce the maximum allowable income from the social security programs. Some will benefit from private pension programs, but most will not benefit from these programs since the life expectancy of Indian persons born in 1950 was approximately 50 years of age. Unless health care is drastically improved, over 25 percent of the Indian elderly will be deaf, partly due to youth related illnesses like otitis media, which afflicted many while they were young. In 1975, it was estimated that Indian people are eight times as likely to contract tuberculosis as their non-Indian counterparts. With this type of medical legacy, it is highly possible that most will be handicapped in one form or another.

Retirement to that group or "eligibles" will mean a time of searching and developing a definition of existence. It will mean a time of isolation since most of the young people will be in the urban areas pursuing their occupations. As a result, the traditional natural system of cooperation and assistance will have eroded to mere romantic reminiscence (this even seems to be the case in 1978).

Work for these individuals will connotate a concept that they have just parted with and would not even "toy" with the idea of them returning to "work" so soon. This assumption is based on the fact that over 70 percent of the 1970 labor force were employed in demanding menial jobs.

It is a characteristic of the Indian community to believe that learning is a lifelong process that ceases, in this lifetime at least, upon death. Whether that "learning" is to be associated with the more familiar educational institutions is another question. It must be remembered that 58 percent of those in the year 2000 will not have completed the sixth grade. With the migration of the more educated group back to the reservations, there will likely be conflicts between the two groups. One group will view themselves as the more educated and progressive, while the less formally educated will view themselves as the guardians and keepers of the "true" Indian values. In a recent study to determine middle-class black and their attitudes toward certain issues, it was determined that middle-class blacks were frequently much more conservative than their white counterparts. Extrapolating the results and projecting these results on the Indian community would seem to indicate similar results. If this indeed is valid, obviously this will determine the programs and priorities established by the tribal governments. It will be at this juncture that these two divergent philosophies will collide. The more educated will opt for abstract policy position, while the traditional group will opt for concrete and empirical results (that is services to the elderly).

For the Indian elderly in the year 2000, it will be a time of conflict, not only, among their peers, but across and between generations, as well. In 1900, life was simple for the Indian community in that traditional culture and language were easy to retain. There were no automobiles to accelerate mobility, no television to influence lifestyles, et cetera. Scarcely a half century passed when the automobile became a common sight on reservations and radios became a centerpiece in the Indian home. It is not uncommon in 1978 to find homes on reservations with a television antenna protruding from the roof of homes. It would be foolhardy to think that similar changes will not occur between 1978 and 2000. The youth in 2000 will be living at a time when space travel is common. Undoubtedly, philosophical outlook will be affected. Their ideas of being "Indian" will be different than those being expounded by today's Indians. (That is, in some of the Indian tribes today, one must be half blood to be a member of that tribe. They will not accept a person who has less than that amount. Even though he/she could be a full-blooded Indian with one-fourth one tribe, another one-fourth from another tribe, and so on, he/she could conceivably be a non-Indian. It is also possible that some tribes might "blood quantum" themselves into extinction unless they change their criterias.)

1977, the year of anti-Indian feelings across the country. There is even an organization called the Interstate Congress for Equal Rights and Responsibilities (ICERR) that was formed to combat the legal gains made by Indian tribes. It has also been the year of the "Oliphant case," the "Bakke case," and proposition 13. It is an alarming chain of events that will adversely affect millions of people and especially the Indians. At a time when the country is reeling from inflation and the energy crisis, there is fear that the net effect of these events will result in the reclassification of Indian lands so as to enable the country to "benefit" from the enormous gas and oil resources that are on Indian reservations. As a result of this move, tribal governments will be dismantled and Indian people will be subject to State control. In either case, the Indian elderly of the future will be affected. They will not be able to return to their reservations since the reservation system could have long been abolished. Without their spiritual homelands, most will elapse into a hopeless depression resulting in alcoholism, suicide, or institutionalization.

However narrow the legal interpretation was in the Bakke case, those limits will continue to be challenged until all remnants of special programs for minorities are relegated to the National Archives. Employment programs benefiting Indians will be adversely affected and will result in the Indian not being employed. This will result in the elderly Indian of the future being in no better condition than his grandparents, the end result, continuous poverty.

This is what the future holds for those Indians unfortunate enough to live to the year 2000. Understandably, they are predictions that are less than optimistic. We have intentionally dealt with the future because we feel that the actions taken today and tomorrow will have a multiplier effect and culminate in a condition that will be less than desirable for the Indian community.

SUMMARY

On the preceding pages, we have written our forecast as to what the future holds for the American Indian. We believe that there are steps that can be taken between 1978 and 2000 that would avert the scenes depicted in preceding pages. These steps could be classified in relation to time: Today's elderly Indian; today's middle-aged Indian; and the future Indian elderly.

Today's elderly Indian was born in the year 1918. Shortly after World War I and almost 30 years after the last Indian war. They are the targets for most of today's aging programs. As earlier indicated, most have limited formal education and represent the most culturally traditional group in the Indian community. In the area of retirement, work, and lifelong learning, most have "worked" in one form or another. Whether this "working" would meet the non-Indian's definition is questionable. Most "jobs" held by the today's elderly Indian were those jobs that enabled the family unit to exist. Sheepherding, planting crops, etc. Most of these jobs would not be able to contribute to the social security program, if it existed at that time. For this grouping of older persons, the concept of retirement, work, and lifelong learning is basically just that—concepts. We can only recommend that those services that are now available to other older persons should be available to the Indians as well. These services should be delivered by tribal government who should have the freedom to make cultural modifications in the programs.

In the subject area of this paper, most of the activities would have to be oriented towards today's middle-aged Indian and the future elderly. Where do we place our priorities?

As Indian people, we have been told by our forefathers that we are one with the cosmic balance and that this cosmic balance begins with the land. Land or Mother Earth brought us to where we are; it fed us, clothed us, and nurtured the ideas we now have. In light of this background, Indian tribes must be given reassurances that they will retain their quasi-sovereignty status. They must be reassured that the provisions of the various treaties will be upheld and will continue to be upheld. The Federal Government must reaffirm their trust responsibility to the American Indian through the reaffirmation and application of "the Self Determination Act, or Public Law 93-638." The U.S. Government must provide these reassurances to today's middle-aged Indian so that they may not continue to plan to return to the reservation, if they so desire, upon retirement.

In order to effectively plan for their eventual return, the Federal Government must consider the educational needs of these two target groups. They should increase the funding of adult education courses and the establishment of Indian community colleges on the reservation. Funds should also be made available for Indian students to enter the profession of adult education. The training of Indian health professionals will become a necessity. The reservations will become a haven for older Indians and as such, trained Indian health professionals to deal with the elderly will become a necessity. As a result of the Indian person returning to the reservation after many years of absence, a common result will be "culture shock." It will be difficult for many to get readjusted to reservation life. To deal with this situation, the Federal Government must establish a network of comprehensive mental health centers on Indian reservations to assist them.

Housing units should be increased so that those Indians returning to the reservation will have decent housing available. Currently, over 58 percent of Indian households are considered substandard and overcrowded. This situation will worsen by the year 2000 unless specific measures are taken to avert this situation.

In conclusion, the highest priority among the Indian community is their land and their unique status as "Indians." They must be reassured that their lands will not be used as sacrifices to meet the needs of "the general society." They must be reassured that they, as Indian people, have a right to maintain their respective governments as quasi-sovereign entities. They must be reassured that the ultimate policy of the Federal Government is not assimilation, but rather the enhancement of cultural plurality.

ITEM 7. STATEMENT OF JOHN F. MCCLELLAND, PRESIDENT, NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES, BEFORE THE LABOR SUBCOMMITTEE, U.S. SENATE COMMITTEE ON HUMAN RESOURCES, ON THE ELIMINATION OF MANDATORY RETIREMENT, JULY 26, 1977; SUBMITTED BY CHARLES L. MERIN [1]

Mr. Chairman, I am John F. McClelland, president of the National Association of Retired Federal Employees (NARFE). The association is 55 years old and composed entirely of retired Federal employees, their spouses and survivors. We have a dues-paying membership of 275,000 and represent the interests of nearly 1.5 million Federal annuitants and survivors. We appreciate the opportunity to appear before this committee because of our ongoing commitment to seek a more meaningful and productive life for our Nation's retired citizens.

On behalf of our membership, I most enthusiastically endorse congressional attempts to eliminate mandatory retirement and end age discrimination against persons over 65. It is our view that the arbitrary elimination of the oldest and most experienced workers from the ranks of the actively employed is capricious, irrational, and wholly inconsistent with the constitutional principles of fairness and equal opportunity.

We are particularly interested in H.R. 5583, a bill recently reported unanimously by the House Education and Labor Committee to abolish mandatory retirement in the Federal service while raising the mandatory retirement age in the private sector to 70. While we support, in principle, all five bills under consideration in this committee, we urge that the final committee report include the broadest possible concept of fair employment and equal opportunity.

[1] See statement, page 293.

We believe that the country is best served by the fullest utilization of older Americans and their vast talents and skills. We feel that retirement should be based exclusively on a careful evaluation of a worker's health and continued ability to contribute effectively through his job. By enacting the legislation under consideration, the Federal Government would be taking the lead in wiping out one of society's most vicious injustices.

The message older Americans are sending to this Congress is that they want to work. They want to continue to be viable, productive contributors to society. They do not want handouts, they want jobs.

Recent surveys have indicated that as many as 40 percent of those forced to retire at age 65 were willing and able to continue working. But, because of mandatory retirement, and a related myth that everyone over 65 is useless, these people are for the most part banished from the national work force.

The impact of this trend on the future should not be underestimated. By the year 2020, the U.S. Labor Department anticipates that nearly one American in five will be 65 or older. These people will be the healthiest and best educated older population in our history. And yet, if the present retirement practices are not altered, millions of these able-bodied men and women will be denied the opportunity to make substantive contributions to the Nation's work force.

I think it is important to note that the concept of retirement based on chronological age is unique to 20th century, industrialized societies. It first became part of our country's public policy in 1935 with the passage of the Social Security Act. The new law, which limited the practice primarily to industrial workers, was simply an attempt to control the Nation's 25 percent unemployment rate. The designation of 65, and later 70, as the mandatory retirement age was purely arbitrary. There was little public debate over the concept, just as there were no substantive studies of the long-range social and economic consequences of such a law.

It was not until 1950 that the mandatory retirement concept gained widespread acceptance in the private sector. Statistics from that year indicate the dramatic effect these laws have had on the national work force. In 1950, 24 percent of those 65 and older were working. According to the U.S. Department of Labor, by 1985 that figure will have dropped to 13 percent, even though the number of persons in that age group will have doubled.

Obviously, the impact of these laws over the years has been to legislate nonproductivity from society's most experienced employees. It is ironic that a nation which prides itself on productivity would at the same time squander one of its most valuable resources through archaic employment policies.

A few moments ago I said that older Americans want to work. Let me go a step further. If present economic trends continue, people 65 and older will have to work. The mandatory retirement of able-bodied workers is rapidly becoming a luxury our society simply can not afford. The overall impact of this policy has been to strip older workers of their economic independence, forcing them into idle reliance on younger, active workers for their well-being. Income security programs in the public and private sectors already are swollen beyond their fiscal limits. Each year thousands more will continue to bloat retirement rolls when they could and should be working. By the year 2020, nearly half of the Nation's population will be below 18 or 65 and older. With students staying in school longer and people retiring sooner and living longer, the prospect of a future society, where a smaller work force cares for a greater nonproductive sector, is very real. The advent of such a society is only hastened by the proliferation of mandatory retirement.

Mr. Chairman, it is clear that this problem is more than a matter of concern for the elderly. It involves our entire society. Clear and decisive action by the Congress to reduce the number of Americans living in "statutory senility" would significantly limit the social and economic consequences of this approaching crisis.

History is full of the deeds of many great leaders who came to prominence long after they were 65 years' old. German Chancellor Konrad Adenauer, who led his country through 14 of its most difficult years, was elected at age 73; Pope John XXIII became the head of the Catholic Church at 77; Michelangelo produced some of his greatest works in the years just prior to his death at 89, while Pablo Casals performed, conducted, and taught until his death at 96; Col. Harlan Sanders, broke at age 65, parlayed his first social security check into a multi-million-dollar fried chicken empire by age 73. I am sure that the members

of this committee are not unaware of the many distinguished accomplishments of their senior colleagues in Congress. Yet, Mr. Chairman, how would these people fare in today's job market? Could they find meaningful employment in our society, or would they simply be cast aside with the millions of others over 65?

Obviously, mandatory retirement based solely on age is an unjust and capricious waste of human talent. The notion that people magically become incapable of useful labor on the day they attain a predetermination age is absurd. For both humane and practical reasons, our organization urges that this concept be discarded.

Mr. Chairman, to conclude our testimony, I would like to add that, while we believe many older workers capable of continuing beyond "normal" retirement ages, we are not unaware that these people encounter unique problems as they advance in age. NARFE feels that this Congress is moving in a realistic direction by examining preretirement counseling programs and alternative measures which would help evolve a more creative approach to retirement in our society. We have been encouraged by the interest of Representative Patricia Schroeder and her Subcommittee on Ethics and Utilization in legislation to create possibilities for phased-in and gradual retirement programs (H.R. 2732, H.R. 2930, and H.R. 1627). We welcome the Congress' continued concern in developing more progressive alternatives for older workers.

Thank you.

ITEM 8. STATEMENT OF ROBERT M. BEERS, VICE PRESIDENT, NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES, BEFORE THE SUBCOMMITTEE ON RETIREMENT INCOME AND EMPLOYMENT, U.S. HOUSE SELECT COMMITTEE ON AGING, CONCERNING ALTERNATIVES TO RETIREMENT, JUNE 15, 1977; SUBMITTED BY CHARLES L. MERIN [1]

Mr. Chairman, I am Robert M. Beers, vice president of the National Association of Retired Federal Employees (NARFE). The association is 56 years old, and composed entirely of retired Federal employees, their spouses, and survivors. We have a dues-paying membership of nearly 300,000, representing the interests of the 1.5 million Federal annuitants. We welcome the opportunity to appear before this subcommittee because of our ongoing commitment to seek a more productive and meaningful life for older Americans.

Mr. Chairman, in today's society the word "retirement" has come to suggest a negative and highly inaccurate view of the older population of this country. When we talk of someone "retiring," the image often is that of an enfeebled old person sitting in a rocking chair with his grandchildren, or tending flowers in her backyard. For some retirees, that is a valid, if not necessary, way to spend their remaining years. But for most retirees, this is not the case.

Rather than succumbing to the popular notion of retirement, today's retiree is looking for a lifestyle in which he can continue to be a productive contributor to his society. He has a lifetime of experience and training, and eagerly looks for opportunities to share his knowledge with his community. For this person the word "retirement" means a chance to expand his vocational interests, develop new creative pursuits, and seek out new horizons and ambitions. Our membership believes that the Federal Government can take the lead in promoting this more constructive and realistic concept by passing current legislation which would remove longstanding obstacles to the creative and full retirement experience older Americans are seeking.

Along these lines, our organization has urged the complete elimination of compulsory retirement age laws, specifically the passage of H.R. 1115, a bill by Chairman Pepper to end mandatory retirement in Federal service, and H.R. 3504, a bill by Congressmen Drinan and Edwards to protect older Americans from discrimination in employment.

We also have urged Congress to act swiftly on H.R. 2732, H.R. 2930, and H.R. 1627, which would permit flexitime and part-time employment in the Federal service, laying the groundwork for the creation of gradual and phased-in retirement programs.

We believe the speedy passage of these bills is essential if the Fedral Government is to develop a new, more realistic policy toward retirement.

Mr. Chairman, I would also like to take this opportunity to urge the subcommittee not to overlook the enormous potential that preretirement counseling

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[1] See statement, page 293.

offers. As the country's largest employer, the Federal Government has an obligation to develop and promote such prgrams in its agencies and departments to ease the transition of its employees out of government service.

Our organization is vitally concerned with this issue and, in recent years, our members have assisted Federal agency personnel officers throughout the country in planning, organizing, and conducting hundreds of preretirement counseling seminars. We are glad to provide this service at no cost to the government.

Federal employees are no different from those in other occupations in that many approach the prospect of retirement with apprehension and anxiety. They are alarmed at the idea that they have nothing to do for the rest of their lives. We believe that the Federal Government should take the initiative in making its employees aware of the vast opportunities and fulfilling experiences they can have after leaving government service.

In our preretirement counseling work, we help the government's prospective retirees evaluate their lifestyles, personal interests, their goals and leisure activities, with a view to making their retirement years a time of fulfillment and happiness.

We regard our participation in the government's preretirement programs as one of the most important services we render. As Federal retirees who have weathered the transition from active employment to retired status, we feel that we are qualified to set forth a series of constructive, practical and optimistic alternatives to those in Federal service who have reached the point where retirement is about to become a fact of life.

Thank you.

ITEM 9. STATEMENT OF THE NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS, U.S. HOUSE OF REPRESENTATIVES, ON H.R. 12438, MAY 10, 1978; SUBMITTED BY CHARLES L. MERIN [1]

The National Association of Retired Federal Employees (NARFE) is a 57-year-old association with a dues paying membership of approximately 300,000, composed exclusively of retired employees of the Federal Government, their spouse or survivors. As the major spokesman for civil service annuitants and survivors, our organization represents the interests of some 1.5 million of this Nation's retirees.

For more than 10 years, persons retired from Federal service have recognized periodic adjustments in their annuities based on changes in the Consumer Price Index (CPI). Over the years, the specific CPI increases or the time periods necessary for triggering an annuity cost-of-living adjustment have been dictated by Federal statute. In the past decade, other retirement and wage benefits have been linked to the CPI. Today, it is estimated that half of the population of this Nation is dependent, directly or indirectly, on the CPI for various benefit adjustments. Many of the benefits, from social security to our food stamp program, are governed by Federal statute.

The government has computed and published a single Consumer Price Index recognized by all sectors of the economy for cost-of-living adjustments. This index has been based on the cost of a specific market basket of goods and services, typical of those utilized by urban wage earners and clerical workers. The index was estimated to reflect the buying habits of approximately 40 percent of the urban population.

Commencing with January 1978, the Bureau of Labor Statistics began issuing a trio of Consumer Price Indices: the former (unrevised) CPI of urban wage earners and clerical workers; a revised CPI of urban wage earners and clerical workers; and a new, all-urban CPI designed to reflect the buying habits of all segments of the urban population, from the professional and self-employed to the elderly and those on welfare. The all-urban index is said to cover approximately 80 percent of the urban population, compared with the 40 percent covered by the urban wage earners and clerical workers index.

It is our understanding that the provisions of H.R. 12438, now being considered by this committee, would have all programs based in Federal statute use the all-urban CPI cost-of-living benefit adjustments as of July 1, 1978. The all-urban index would therefore become the one index officially recognized by the Federal Government for programs governed by Federal law.

While NARFE does not formally oppose the use of new all-urban index for future cost-of-living adjustments, we are concerned that this new index has de-

[1] See statement, page 293.

emphasized two categories of major importance to the Nation's older population—food and medical care.

The elderly are generally acknowledged to be a low-income group. Since 1960, the elderly have consistently had income levels approximately one-half that of the younger population. Double-digit inflation has wreaked havoc on the limited purchasing power of elderly persons living on fixed or relatively fixed income. A common assertion holds that the economic needs of the elderly significantly diminish in retirement. In reality some expenses greatly increase in old-age. Increased costs are typically realized in those categories most directly affected by inflation, among them food and medical care.

Senior citizens account for almost one-third of the Nation's health care expenditures, largely due to the increased likelihood of medical assistance need and the costly nature of pronounced illnesses to which they are susceptible. They require more physician time and frequently experience longer hospital stays than younger persons, and are the primary users of long-term care facilities. Though the elderly comprised only 10 percent of the population in 1974, they consumed almost 25 percent of all prescription drugs manufactured in the United States, for a gross expenditure of almost $2.8 billion. The average older person spends more than $100 per year for prescribed and over-the-counter drugs, and averages more than 13 prescriptions and renewals annually. The average annual health bill for persons over 65 was $1,360 in 1975, more than six times that of the under 19 age group, and almost three times that of the intermediate population (aged 19–64). Medical expenses continue to rise, victims of the rising cost of health care.

In 1976, the Department of Labor released a consumer expenditures survey which examined among other things, annual expenditures for various commodities based on age. Persons aged 65 and over were found to have annual pre-tax incomes equal on the average to only half that of the age group 55–64 years. Despite this dramatic difference in income, senior citizens spent 16.3 percent of their income on food, while the younger group spent only 12.3 percent. A recent Bureau of Labor Statistics report dramatically illustrates the importance of these figures.

In the 4-year period September 1972 to September 1976, the percentage increase in the cost of food as measured by the CPI was 45.6 percent. This increase was second only to the spiraling cost of daily hospital service charges at 47.5 percent. Both food and hospital costs rose significantly faster than the overall CPI for the same period (37.6 percent). These statistics underscore our concern over the deemphasis placed on food and medical expenses by the new all-urban index.

The number of Americans aged 65 and over comprise almost 10 percent of our population. By the year 2020, however, the percentage of aged persons is expected to rise to as much as 25 percent of our population. Changing demographics and inflation's victimization of the ability of many older persons to meet their most essential needs, argue compellingly for the establishment of a separate CPI for the elderly. A special index of this nature has been the subject of legislative discussion in past Congresses, and would effectively serve as an adjustment mechanism for all public retirement programs. We urge this committee to mandate that the Bureau of Labor Statistics engage in a study about the feasibility of such a separate index.

We appreciate this opportunity to submit our views for the record.

Appendix 2

NEWSPAPER ARTICLES RELATING TO HEARING

ITEM 1. "LONGEVITY IMPERILS EARLY RETIREMENT," FROM THE IDAHO STATESMAN, JULY 24, 1978

WASHINGTON (UPI)—The Nation may not be able to afford the current trend toward early retirement, especially when the post-World War II baby boom becomes the senior citizens boom, two top administration officials and other experts say.

Witnesses at recent hearings of the Senate Special Committee on Aging, including two Cabinet members, put forward challenges to early retirement with its increased social security costs and loss of skilled workers.

Thirty years ago, according to the testimony, nearly half of all men 65 and over were employed or seeking jobs. Today, among people 65 and over, only one man in five and one woman in 12 are in the work force.

One clear reason for the trend is more and more Americans are able financially to retire early.

Social security benefits have been expanded, with full pensions paid at age 65, and some retiring at 62 with reduced benefits.

Nearly half of all workers in the private economy are covered by pension plans, many with retirement at ages 60, 55 and 50.

Federal civil servants and employees of many State and local governments can retire at age 55 after 30 years, and the number of these public employees has soared. Military personnel can retire after 20 years of service, regardless of age.

Secretary of Health, Education, and Welfare Joseph Califano told the committee while Americans are retiring earlier, other changes are taking place that may require the Nation to reconsider its whole policy toward work and retirement.

People are living longer. In 1940, the average life expectancy at birth was 63.5 years, lower than the age for full social security retirement benefits.

Now, Califano said, life expectancy is 69 for men, 77 for women. Three-quarters of the population now reaches age 65 and, once there, live on the average to age 81.

"We are at the dawn of the first four-generational society in the history of our Nation," Califano said.

The baby boom following World War II, Califano noted, will become a "senior boom" in the early 21st century. In 1940, 7 percent of the population was 65 or over; today it is 11 percent; by 2030 it will be nearly 20 percent.

Today, six active workers support one in retirement. By 2030, the ratio is expected to be 3-to-1.

Califano testified that under present trends, the Federal Government will have to spend $635 billion by 2025—up from $112 billion this year—for social security, other pensions, medicare, welfare, food stamps, and various other services.

This would be a growth from 24 percent to 40 percent of total Federal outlays.

"There are reasons to wonder aloud whether the trend toward ever-earlier retirement is a trend in the right direction," Califano said.

Dr. Harold Sheppard, director of the Center on Work and Aging of the American Institutes for Research, said the coming senior boom will include a large increase in the number of Americans over 80—by 2000, there will be 8 million of them, 1.7 million more than had been projected as late as 1971.

Sheppard asked how the increasing proportion of Americans in their early sixties in the next century are going to support these octogenarians if they themselves are retired.

Labor Secretary Ray Marshall said it may become increasingly difficult to insure older Americans a comfortable retirement by relying primarily on "transfer payments"—shifting money through social security, welfare, and other programs.

He said it would be necessary to expand employment opportunities for the elderly.

Congress took one step in that direction last April when it raised from 65 to 70 the age at which a private employer can require a person to retire solely because of age, and removed the upper age limit of 70 for most Federal workers.

ITEM 2. "A FAST-GROWING POPULATION," FROM THE NEW YORK TIMES, JULY 30, 1978

(By Philip Shabecoff)

WASHINGTON—A quietly ticking social time bomb—America's rapidly aging population—is due to explode in 20 years or so with potentially revolutionary impact on the nation's economy.

So far, except for a few Band-aids applied to the social security and private pension systems, little has been done, or even discussed, to prepare the country for that particular future shock.

At hearings before the Senate Special Committee on Aging earlier this month, Stanley M. Babson, Jr., a financial consultant, summed up the problem: "The present retirement practices and trends of our society, coupled with the increasing longevity of our population, will create an enormous economic future burden on our society." Said the chairman of the committee, Senator Frank Church, Democrat of Idaho: "The United States has no retirement policy."

Moreover, the problems created by an inexorable demographic trend toward an older—considerably older—population are being exacerbated by slower economic growth, inflation and social changes such as early retirement and soaring demand for medical care.

The Nation, in the view of those who have considered the impact of these trends, will have to come to grips not only with the economic needs of this older population but also with the changes wrought on the economy in general from a shortage of younger workers, increased demands on health resources and other social service changes in the structure of tax revenues and shifting demands on the market place.

The Secretary of Health, Education, and Welfare, Joseph A. Califano Jr., outlined during the hearings some of the key factors in the population shift, including these trends:

The average life expectancy, about 62.5 years in 1940, has risen by about 10 years and now stands at about 69 for men and 77 for women. The population aged 80 and above is widening rapidly and biomedical advances indicate that the life span will continue to lengthen.

The post-World War II baby boom will appear early next century as a "senior boom," Mr. Califano noted. By the year 2030, some 55 million people, nearly one-fifth of the population, will be 65 years old or older.

THE AGING OF THE BABY BOOM

	Average life expectancy in years	Ratio of total population to those 65 and older	Average monthly social security payment
1940	62.9	14.7	$22.10
1945			23.50
1950	68.2	12.3	42.20
1955	69.6		59.10
1960	69.7	10.8	69.90
1965	70.2		80.10
1970	70.9	10.2	114.20
1975	72.5		201.60
June 1978	72.8	9.2	254.00

Note.—Not all data available for all years.
Source: Social Security Administration and Census Bureau.

While people are living longer, they are also retiring at an early age, a fact that Mr. Califano found "ironical." Thirty years ago nearly half of all men 65 and over were in the work force; today, in that age group, only one man in five and one woman in 12 hold jobs or are actively seeking work. There is no sign that this trend will abate.

The ratio of active workers to retired citizens will change "dramatically" from six to one today to only three to one in 2030. This figure is significant because it indicates how many income earners are available to support programs for the elderly through taxes.

Meanwhile, social and economic policies involving the elderly have been changing. Workers are permitted to retire at 62 instead of 65 and collect reduced social security. Social security payments have risen sharply and are pegged to living costs. Private pension plans have expanded rapidly, though many of them are underfunded. Programs such as medicare and medicaid, food stamps and housing subsidies have been created to cushion older citizens against poverty.

But Secretary of Labor Ray Marshall, in testimony before the Senate committee, said that while these programs have substantially reduced poverty among older citizens, many Americans still have difficulty living on their retirement incomes. And he added that the demographic trends mean that considerable strain will be placed on the economy just to continue current retirement income levels, much less improve them, particularly in the face of erosion of income by inflation.

Although Congress strengthened the financing of the social security system last year, current actuarial projections indicate that the social security tax rate will have to be increased another 4 percentage points by the year 2035 just to maintain the system's solvency at existing benefit levels, Mr. Marshall warned.

Where will the money come from? Mr. Califano reported that six major programs for the elderly run by his agency—old age insurance, survivors and disability insurance, medicare and medicaid, supplemental security income and black lung benefits—will pay out more than $94 billion to Americans over 65 this year.

Another $14 billion will be paid to this group under civil service, railroad and military retirement programs. A total of $4 billion will go to the over-65 population through housing subsidies, food stamps, social and employment services—all adding up to $112 billion or 5 percent of the gross national product and 24 percent of the Federal budget for the 1978 fiscal year.

By the year 2010, spending on these programs is expected to more than triple to $350 billion, Mr. Califano said.

By 2025, when the "senior boom" is in full swing, the total will be around $635 billion and constitute more than 10 percent of the gross national product and 40 percent of the Federal budget.

These problems impact directly on the public sector economy and will be felt by the private sector chiefly through the tax system. But the population trends will also have a direct effect on the private economy in many ways.

The shortage of younger workers, for example. Secretary Marshall commented that employers will find themselves competing for the services of workers, including older workers, and in so doing, possibly bidding up wage rates. One approach to this problem was suggested by the recent congressional action in raising the minimum age at which employers can require workers to retire from 65 to 70 years.

The demographic and social trends are also likely to work profound changes in the marketplace. Today a large part of the economy is oriented toward a youth market. An aging population will have broad implications for such industries as apparel, entertainment, recreation and travel. Older citizens will put far heavier demands on the health care industry than they do today. The home building industry will have to face up to fewer new households being started. The list is endless.

Secretaries Marshall and Califano along with other witnesses had ideas for dealing with the impending changes. Nearly all the witnesses said that ways should be found to delay retirement and extend working life as a means of easing the strain on the social security, pension and social welfare systems as well as on the labor market.

Mr. Marshall and others, for example, proposed consideration of flexible working arrangements that would let older citizens work part time or on schedules that suited their needs. Education and training to make older workers valuable to employers was also recommended.

Mr. Califano wondered whether private pensions should be encouraged or whether it might not be more equitable if the social security system did not have a "layer" of private pensions on top of it.

Because the crisis lies in the future, the economic problems presented by an aging population may seem somewhat abstract to many Americans. But as Secretary Califano noted, "The elderly are ourselves and our children."

ITEM 3. "'SENIOR BOOM' OUTLOOK CONSIDERED BY SENATE," FROM THE NATIONAL COUNCIL OF SENIOR CITIZENS' SENIOR CITIZENS NEWS, SEPTEMBER 1978

What happens when the "baby boom" boys and girls of the late forties and early fifties become the "senior boom" of the 21st century?

That question emerged as a subject for speculation—and concern—at recent Senate Committee on Aging hearings on "Retirement, Work, and Lifelong Learning."

Senator Frank Church, committee chairman, began the hearings by asking whether the United States should be dismayed, or even fearful, over a process so often described as the "graying" of our population.

"My own personal answer to that question is 'no'," he said. "It would be a sad day, indeed, for this Nation if the older persons among us were to be regarded as a drain, rather than as a rich reservoir of experience, wisdom, and creative energy.

"But my answer would also include a caveat—one which has caused these hearings to be called—a warning that we must look into issues which have concerned the Senate Committee on Aging for some time, but which now take on new urgency," Church told witnesses.

"Contributing to the urgency is the debate over social security financing and the deepening concern over the high cost of public and private pensions. Do we know what we are committing for future retirement income, and are we proceeding in the wisest way?

"Is there already a pension elite who benefit from several sources of income support, while those most in need of a genuine supplement to social security income are those least likely to enjoy it?

"Another of the most crucial questions; how is inflation compounding the cost of retirement as it is practiced today?

"We are concerned about retirement for many reasons, the most immediate of which is new legislation which deals a major blow at traditional mandatory retirement practices.

"I'm referring," he said, "to the raising of the upper age limit in the Age Discrimination in Employment Act from age 65 to 70."

Church, then introduced the first witness, Secretary of Health, Education, and Welfare, Joseph Califano, "who is quoted in the latest annual report by this committee as saying at a recent speech: 'We should remind ourselves that support for older Americans is support for all Americans. When medicare pays an older citizen's hospital bill it protects that family's savings to pay for college tuition, or a new house, or their own retirement.'"

"Today," said Secretary Califano, in his testimony, "Social security benefits are wholly exempt from taxes. It seems at least open to discussion whether a wealthy lawyer, doctor, or business executive with a $50,000 pension should receive tax free social security benefits.

"At the other end of the scale, we have to consider the plight of those for whom social security benefits are the sole source of income, and whose earning record may not entitle them to the greatest amount," he went on. "Today, the ratio between contributions and benefits is not fixed for low income workers, the ratio is 61 percent, to help make benefits more adequate; for high income workers, it falls to 35 percent. This is one strategy for helping to reduce poverty among older Americans.

"But are we doing enough? And should we do more? Is this the best way to bring people out of poverty, or is a system like supplemental security income—which focuses income only on those at the low end of the income scale—a more efficient method? How do we compare the value of efficiency and the resources it frees for serving unmet needs, against the genius of the social security system—that it brings independence to many people who would otherwise be poor, and does so with dignity, with no means test?"

Secretary Califano also addressed himself to the subject of early retirement. "There are reasons to wonder aloud whether the trend toward ever-earlier retirement is a trend in the right direction," he said. "A 1974 poll, for example, indicated that 4 million people 65 and over wanted to work, but were not doing so. With increased life expectancy, improving health, and steady increases in the education level of the elderly, this attitude could doubtless spread."

The trend toward early retirement was a concern of other witnesses, as well. Dr. Harold L. Sheppard of the American Institutes for Research's Center on Work and Aging addressed a different aspect.

"Given our current retirement age policy, will expected developments in demographic, biomedical, and economic matters be of such a nature and magnitude as to create relatively intolerable levels of support costs for a growing population of nonworking older Americans?" Dr. Sheppard asked. "And, to what extent will efforts to find solutions to this issue include reconsideration of current retirement age—especially of early retirement trends?"

Another witness, consutlant Ewan Clague, saw still other problems arising from early retirement.

"Retirement systems for organizations with high growth rates in employment have a favorable financing factor which conceals some basic problems. New employees start at the bottom of the ladder, retirement comes later. It is when the employment expansion slackens and finally comes to a halt that the reckoning comes. And an actual cutback in employment would produce a crisis in the retirement program," Clague said.

"In this situation, early retirement may be the time bomb that will upset the system. Employees young enough to get other jobs will take the retirement benefits and hunt other work, in which they can have both earnings and benefits. The older employees will be entitled to benefits which cannot be met by the contributions. The alternatives are failure to pay benefits or increases in contributions and taxes."

If older workers are to reverse the early retirement trend, witnesses agreed, more attention will have to be paid to employment opportunities.

One exchange on this subject took place between Senator Lawton Chiles (D-Fla.) and Labor Secretary Ray Marshall:

"Mr. Secretary, I just had an opportunity to see this publication entitled 'Senior Aides,'" Senator Chiles said, "which describes the program that is being funded through your Department, and administered by the NCSC. We have six of those projects funded in Florida and as I have gone around the State I see very clearly the sort of enthusiasm that older people have for this work opportunity and the kind of fulfillment and justification that they get from it.

"I don't know of a better return that we are getting for our dollar, and I just certainly hope that the Department would continue and would be broadening these programs. I think they have tremendous support in the Congress, too."

"I agree," Marshall answered. "I have worked in those programs myself and I think that it is a very good program from all perspectives, and I think that it is the next best thing that can be done for older people. The best thing is to keep the people in the economy and employed in things that they have an ability to do."

Senator Chiles took exception to this statement. "Many of these people don't want that full-time job. What I find is that a lot of these elderly people are women, for example, and they are only looking for part-time work. They will quickly tell you that with their age, or other kinds of things that they have going, they are really looking for some fulfilling hours, and they are not looking for full-time employment. I find the same true for men."

Marshall agreed that options should be open. "We also need to encourage the CETA," he added. "They now provide jobs for about 100,000 older workers and we think that as the overall level of unemployment declines, that the participation by older workers in the system should and probably will increase."

These committee hearings were the first in a projected series. "We are casting a wide net for information and ideas and perspective," Senator Church concluded. Only in this way can we seek the most helpful answers in our search for what we want retirement, work, and lifelong learning to be in this country."

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